INTERIOR DEPARTMENT APPROPRIATIONS FOR 1955

HEARINGS

BEFORE THE

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

EIGHTY-THIRD CONGRESS

SECOND SESSION

SUBCOMMITTEE ON INTERIOR DEPARTMENT

BEN F. JENSEN, Iowa, *Chairman*

IVOR D. FENTON, Pennsylvania
HAMER H. BUDGE, Idaho
MICHAEL KIRWAN, Ohio
W. F. NORRELL, Arkansas

CARSON W. CULP, *Executive Secretary to the Subcommittee*

UNIV. OF MICH. MAR 8 1955 LAW LIBRARY

PART 1

Printed for the use of the Committee on Appropriations

INTERIOR DEPARTMENT APPROPRIATIONS FOR 1955

HEARINGS

BEFORE THE

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

EIGHTY-THIRD CONGRESS

SECOND SESSION

SUBCOMMITTEE ON INTERIOR DEPARTMENT

BEN F. JENSEN, Iowa, *Chairman*

IVOR D. FENTON, Pennsylvania
HAMER H. BUDGE, Idaho
MICHAEL KIRWAN, Ohio
W. F. NORRELL, Arkansas

CARSON W. CULP, *Executive Secretary to the Subcommittee*

PART 1

Printed for the use of the Committee on Appropriations

UNITED STATES
GOVERNMENT PRINTING OFFICE
42590 WASHINGTON : 1954

COMMITTEE ON APPROPRIATIONS

JOHN TABER, New York, *Chairman*

RICHARD B. WIGGLESWORTH, Massachusetts
BEN F. JENSEN, Iowa
H. CARL ANDERSEN, Minnesota
WALT HORAN, Washington
GORDON CANFIELD, New Jersey
IVOR D. FENTON, Pennsylvania
JOHN PHILLIPS, California
ERRETT P. SCRIVNER, Kansas
FREDERIC R. COUDERT, JR., New York
CLIFF CLEVENGER, Ohio
EARL WILSON, Indiana
NORRIS COTTON, New Hampshire
GLENN R. DAVIS, Wisconsin
BENJAMIN F. JAMES, Pennsylvania
GERALD R. FORD, JR., Michigan
FRED E. BUSBEY, Illinois
EDWARD T. MILLER, Maryland
CHARLES W. VURSELL, Illinois
T. MILLET HAND, New Jersey
HAROLD C. OSTERTAG, New York
OAKLEY HUNTER, California
FRANK T. BOW, Ohio
HAMER H. BUDGE, Idaho
CHARLES R. JONAS, North Carolina
OTTO KRUEGER, North Dakota
ROMAN L. HRUSKA, Nebraska
SAM COON, Oregon
MELVIN R. LAIRD, Wisconsin
ELFORD A. CEDERBERG, Michigan

CLARENCE CANNON, Missouri
GEORGE H. MAHON, Texas
HARRY R. SHEPPARD, California
ALBERT THOMAS, Texas
MICHAEL J. KIRWAN, Ohio
W. F. NORRELL, Arkansas
JAMIE L. WHITTEN, Mississippi
GEORGE W. ANDREWS, Alabama
JOHN J. ROONEY, New York
J. VAUGHAN GARY, Virginia
JOHN E. FOGARTY, Rhode Island
ROBERT L. F. SIKES, Florida
ANTONIO M. FERNANDEZ, New Mexico
PRINCE H. PRESTON, JR., Georgia
OTTO E. PASSMAN, Louisiana
LOUIS C. RABAUT, Michigan
SIDNEY R. YATES, Illinois
FRED MARSHALL, Minnesota
JOHN J. RILEY, South Carolina
ALFRED D. SIEMINSKI, New Jersey

GEORGE Y. HARVEY, *Clerk*
KENNETH SPRANKLE, *Assistant Clerk*

INTERIOR DEPARTMENT APPROPRIATIONS FOR 1955

THURSDAY, JANUARY 21, 1954.

STATEMENT OF THE SECRETARY

WITNESSES

HON. DOUGLAS McKAY, SECRETARY OF THE INTERIOR
HON. RALPH A. TUDOR, UNDER SECRETARY OF THE INTERIOR
HON. ORME LEWIS, ASSISTANT SECRETARY OF THE INTERIOR FOR PUBLIC LAND MANAGEMENT
HON. FELIX E. WORMSER, ASSISTANT SECRETARY OF THE INTERIOR FOR MINERAL RESOURCES
D. OTIS BEASLEY, ADMINISTRATIVE ASSISTANT SECRETARY OF THE INTERIOR
RAYMOND DAVIS, ASSISTANT TO THE SECRETARY OF THE INTERIOR
CLARENCE A. DAVIS, SOLICITOR
LARRY G. SMYTH, ASSISTANT TO THE SECRETARY OF THE INTERIOR
FRANK KALBAUGH, MANAGER, ALASKA RAILROAD
DR. WILLIAM A. PEARL, ADMINISTRATOR, BONNEVILLE POWER ADMINISTRATION

Mr. JENSEN. The committee will come to order.

Mr. Secretary, I know I voice the sentiment of the committee when I say that we are very happy to have you and your staff members here today. You are accompanied by a number of people, a few of whom are appearing before this committee for the first time.

Last year you had just been appointed to your office when the hearings started. We did not expect you at that time to tell us all about the Interior Department. Now, since you have been there for a whole year, we expect you to know the whole story. So I will ask if you have a statement which you would like to make?

GENERAL STATEMENT

Secretary MCKAY. I have a statement, Mr. Jensen. If you will care to listen I will read it to you.

Mr. JENSEN. You may proceed.

Secretary MCKAY. I appreciate this opportunity to appear before you to discuss the work of the Department of the Interior and the appropriations we are requesting for the fiscal year 1955.

When I first appeared before this committee a year ago, I had been Secretary of the Interior for only 1 month. I stated then that I considered the Department of the Interior of paramount importance to the welfare of the people. I have found nothing to lead me to alter that statement.

My first year has been devoted to becoming better acquainted with the work of the Department—its problems, its program concepts, its organization and management, its budget and finances. During the year a great deal has been accomplished. Much remains to be done. I wish to report to you on both our achievements in the past year and on our plans for the coming budget year.

One of our first tasks was to recruit the type of staff we deemed essential. This proved to be both a time-consuming and difficult job. I feel that I was exceptionally fortunate, however, in obtaining as my Under Secretary and Assistant Secretaries individuals who are ideally fitted for their assignments.

INTRODUCTION OF WITNESSES

Mr. JENSEN. Would you introduce the members of your staff who accompanied you.

Secretary MCKAY. On my left is Under Secretary Ralph Tudor. He has had a lot of experience in this work.

The Assistant Secretary for Public Land Management is Orme Lewis from Phoenix, Ariz. He has the Bureau of Land Management, the Territories, the Indians, parks, fish and wildlife—five controversial bureaus.

On his right is Felix Wormser, who has spent his life in the mining business after graduating from Columbia University. He is in charge of Mineral Resources.

Fred Aandahl, five times Governor of North Dakota and one time Member of Congress is Assistant Secretary for Water and Power Development. He is unavoidably absent.

Clarence Davis is the Solicitor. Clarence Davis was attorney general in the State of Nebraska back in 1934. He has had a lot of experience in the type of law with which we deal in the Department.

Otis Beasley, of course, you know. We have retained him because of his vast experience and integrity, and the ability to do the job.

Mr. JENSEN. Would you mind naming the other gentlemen who are here?

Secretary MCKAY. The last man on the right is Larry Smyth from Portland, Oreg. He is in charge of the Department's informational activities. He has spent his lifetime with the Oregon Journal. He was there for 34 years.

Frank Kalbaugh, is general manager of the Alaska Railroad. He was in charge of a division of the Southern Pacific and was division superintendent in Utah where they have snow. So he will get along all right in Alaska.

Raymond Davis is Assistant to the Secretary. He is from Seattle, Wash., a former vice president of a bank, and comptroller of the University of Washington, and former vice president of the General Insurance Co., which is a big locally owned insurance company.

Our new Bonneville Power Administrator is Dr. Pearl. Dr. Pearl is a doctor of engineering. He spent some 10 years in private enterprise in Chicago. He has been at Washington State College in charge of the technological department where he was liaison between college of engineering and business. He spent his time in the Northwest and knows the situation there. I predict that he will learn a lot about power and also about humanity in the next year.

Sid Larson is our Director of Budget and Finance. He has been in the Department for many years.

Mr. JENSEN. Thank you, Mr. Secretary.

ADMINISTRATIVE STAFF

Secretary MCKAY. The Department of the Interior is too vast and complicated an organization, however, to be effectively administered by the small Secretariat which is presently authorized. I told you a year ago that I felt that the number of top supervisory personnel in the Department was inadequate. My experience in the past year has fully confirmed that feeling. Under the present arrangement, the Assistant Secretaries must carry entirely too heavy a burden. We must find a solution to this problem if we expect to keep able administrators in these positions.

When the job of recruiting my assistants was completed, we turned our attention to the bureaus for the purpose of making such changes as conditions dictated. It was here that we encountered our greatest difficulty.

Most of the incumbents in policy determining positions were under civil service. I am a firm believer in civil service. However, there is a point beyond which civil service should not be used.

This is especially true under our two-party government in those cases where we must have flexibility of appointment if we are to have flexibility of policy with each succeeding change of administration.

In some instances we found persons holding top positions who did not measure up to the standards we demanded. In other cases there was no doubt as to the ability of the individuals, but they were so imbued with a philosophy conflicting with that of the new administration that they were incapable of doing a good job under our new policies. However competent these persons may be in a technical sense, I believe it is essential that they be subject to replacement when there is a complete change in management and policies.

I do not want you to misunderstand my attitude with respect to Government employees. The rank and file of such employees are deeply devoted to their duty. They have frequently been the victims of unwarranted criticism. It is my hope that the public's confidence in Federal employees can be restored, and the prestige these employees once enjoyed can be reestablished.

REDUCTION IN PERSONNEL

Another important task we undertook was the elimination of excess personnel. Much has been accomplished in this direction. However, our efforts are continuing and while we do not expect any further substantial personnel reductions, we are confident that more efficient and economical operations will be possible through better utilization of existing personnel and improved organization and management.

Here is what we have done in reducing personnel. In the month of November 1952 the Department had 56,337 employees and a total monthly payroll of $21,500,000. A year later, in November 1953, the total number of employees was 52,357 and the monthly payroll was $20 million. This represents a reduction of 3,980 in the number of persons employed and savings in salaries at an annual rate of about $18 million.

Another step we took to keep personnel at a minimum was an order issued on February 9, 1953. This required that all proposed appointments in the Department, with certain limited exceptions, be submitted to my immediate office with a justification of the need for filling the position concerned. The review of these justifications has resulted in specific savings. It also alerted officials throughout the Department that a position may not be filled just because funds are available in current appropriations.

Under the 1955 budget, which you have before you, it is estimated that employment will be further reduced by about 1,500 persons. We are pleased with this showing since an increase in employment in some activities will be made necessary by the completion of new facilities, such as irrigation works, Indian schools, and hospitals.

REDUCTION IN EXPENDITURES

Another accomplishment during the first year was the reduction of 20 percent in appropriations. Appropriations for the first full fiscal year of the new administration were reduced from $543,953,201 in 1953 to $434,603,550 in 1954. This is a saving of more than $109 million.

The budget estimates for 1955 total $422,043,430, a reduction of $12,560,120 below the appropriations for the current fiscal year. The 1955 budget, therefore, reflects a reduction in appropriations of nearly $122 million or 22½ percent in 2 years.

A year ago I told this committee that I would not only regard the appropriations made to the Department as establishing a firm ceiling on our expenditures, but that I would endeavor wherever possible to hold our expenditures below this ceiling. I want to repeat that statement today. Wherever a dollar does not need to be spent, I believe in saving it. We hope, therefore, that the amount we expend will be even less than the appropriation requested.

One of the things we have done to prevent unnecessary expenditure of appropriated funds is to make a careful review of all major contracts. On February 13, 1953, I issued an instruction requiring that all contracts involving $10,000 or more be given prior review and approval by my office. In addition, the bureaus were required to submit a weekly report covering all purchasing and contract actions involving sums over $500 but less than $10,000. This procedure has resulted in known savings of nearly $200,000 in the procurement of automotive equipment alone. A further example of savings made possible through this central review was the transfer of surplus Bureau of Reclamation house trailers to other bureaus which had requested departmental approval to purchase new trailers.

STAFF OFFICES ABOLISHED

In May of 1953, I abolished the program staff, the Division of International Activities, the Division of Minerals and Fuels, the Division of Land Utilization, and the Division of Water and Power, all of which were in my immediate office. The functions of these several divisions which I deemed it necessary to continue were transferred to a single technical review staff. By this step we realized a saving of about $200,000 on an annual basis. Just as important as

the savings was the improvement in the coordination of the functions of my own office.

I believe it is even more important because heretofore this group consisted of special planners reporting to the Secretary. Now the men running the show do the planning, and I think that you get better results.

Another action taken to improve the coordination of the Department's functions and to reduce costs was the modification of the membership of the field committees. I felt that these committees could accomplish more with less friction by being staffed completely with representatives of the several bureaus. This arrangement made it possible to eliminate the services of the chairman and his secretary previously financed from the Secretary's appropriation. The chairman is now selected from among the bureau representatives. Through a close cooperative relationship with the technical review staff of my office, we have a much better working arrangement with the bureaus.

MANAGEMENT SURVEYS

In addition to looking for ways and means of reducing personnel and expenditures, I have taken steps to improve the organization and management of the Department's activities. In July 1953 I instituted a series of management surveys for the purpose of obtaining objective recommendations for improving the organization and administration of each bureau of the Department.

A separate committee has been organized to study each bureau. These committees include outstanding business and professional men having broad executive and administrative experience related to the type of work under review. Government employees on these committees were always selected from outside the bureau being surveyed and the committees were dominated by men from outside the Government.

While we experienced considerable difficulty in getting capable people to accept important full-time jobs with the Department, we have been most successful in obtaining the services of many outstanding men who have unselfishly worked on the survey committees. In many cases members of the teams have wanted to work without salary. It is gratifying indeed to see that private citizens are so willing to contribute their efforts to bring about better management in Government.

The committees visited the field offices and field operations throughout the country. They conferred with interested citizens as well as the men who were doing the work.

These surveys were for management purposes only. They were not undertaken for the purpose of developing any philosophies as to what the Government should or should not do. The results of the surveys should therefore serve to bring about much increased efficiency in the conduct of the Department's work.

We are not yet in a position to appraise fully the improvements resulting from these surveys. It will probably take as much as a year to effect the changes resulting from the surveys. We have had sufficient experience, however, to satisfy ourselves that our efforts in this direction will pay excellent dividends.

Substantial improvements have already been effected in the organization and management of the Office of Territories, the National Park Service, the Bureau of Indian Affairs, and the Bureau of Reclamation. Studies have been completed for the Bureau of Land Management and Southwestern Power Administration. These studies are now under final review and we will soon take appropriate actions indicated by the studies. Studies of the Geological Survey and the legal services of the Department are nearing completion. The committee appointed to survey the Bureau of Mines has completed its preliminary work and is now actively engaged in the preparation of its report.

We are now in the process of selecting the people to serve on committees to study the Bonneville Power Administration and the Fish and Wildlife Service.

In addition to Bureau studies, a management survey of the Alaska Railroad has been completed. A study of all informational activities of the Department is underway. It is also likely that we will have a number of studies made of other individual activities. We hope to be able to arrange for a thorough study of the concession operations in the national-park areas, not for the purpose of imposing any additional burdens upon the concession operators but to learn what the Government can do to encourage the development by the concessionaires of more facilities for the visiting public.

REVENUES

In discussing expenditures and appropriations, it is important to keep in mind that the Department of the Interior is a large revenue producer. These revenues are derived primarily from water and power operations and from mineral and land-resource management activities.

In the fiscal year 1953, the Department collected $218 million. This compares with $196 million for fiscal year 1952, and estimates of $236 million and $259 million for fiscal 1954 and 1955, respectively.

In considering the revenues derived from the natural-resource programs conducted by the Department, we must not lose sight of the unmeasured benefits that accrue to the Nation as a whole. This is true whether the activity is recreational in character or involves more concretely the development of resources that are utilized in our economic and industrial processes. These all have a monetary value not susceptible to easy measurement but they nonetheless contribute much to our national income.

APPROPRIATIONS, ESTIMATES, AND REVENUES, 1951–55

I would like to submit this report for the record, if I may. It shows the expenditures and the net money taken in, so that, while we are cutting down the budget in 1955 by dollars—$12,560,120—there will also be an increase of revenue available for appropriation of $12,980,380 which should mean a difference of $25,540,500.

Mr. JENSEN. Without objection, it will be inserted in the record.

(The material referred to follows:)

Appropriations, fiscal years 1951 through 1954 and estimate 1955

	Appropriations—				Estimate fiscal year 1955	Fiscal year 1955 compared with fiscal year 1954
	Fiscal year 1951	Fiscal year 1952	Fiscal year 1953	Fiscal year 1954		
Office of the Secretary:						
Southeastern Power Administration	$234,257	$518,500	$1,719,500	$1,130,000	$1,450,000	+$320,000
Southwestern Power Administration	9,380,000	4,630,712	4,335,700	1,600,000	1,030,000	−570,000
Other	482,500	[1] 5,404,670	[1] 4,812,000	[1] 1,050,000	850,000	−200,000
Total, Office of the Secretary	10,096,757	10,553,882	10,867,200	3,780,000	3,330,000	−450,000
Commission of Fine Arts	14,530	21,200	21,200	21,200	21,200	
Bonneville Power Administration	49,622,000	73,623,439	73,123,400	44,870,000	36,800,000	−8,070,000
Bureau of Land Management	7,737,810	10,992,605	13,810,000	13,483,000	14,625,000	+1,142,000
Bureau of Indian Affairs	79,390,055	71,268,912	87,080,407	84,122,760	80,534,230	−3,588,530
Bureau of Reclamation	271,679,000	234,408,522	205,847,991	143,669,660	155,292,000	+11,622,340
Geological Survey	18,882,000	22,034,100	25,362,685	27,750,000	27,335,000	−415,000
Bureau of Mines	24,621,100	24,366,856	27,881,000	22,713,180	20,000,000	−2,713,180
National Park Service	33,975,700	28,248,564	33,162,330	33,853,850	28,468,000	−5,385,850
Fish and Wildlife Service	13,602,950	13,242,555	13,196,821	12,670,600	11,702,000	−968,600
Office of Territories	78,128,180	40,099,670	49,319,167	43,236,300	40,924,000	−2,312,300
Administration, Department of the Interior	2,290,000	2,290,911	2,525,000	2,325,000	2,330,000	+5,000
Virgin Islands Corporation	474,000	2,725,000	1,756,000	2,108,000	682,000	−1,426,000
Total	590,514,082	533,876,216	543,953,201	434,603,550	422,043,430	−12,560,120
Receipts deposited in the Treasury of the United States but not available unless appropriated	120,512,317	135,982,607	150,655,297	180,238,436	193,218,816	+12,980,380
Net, total	470,001,765	397,893,609	393,297,904	254,365,114	228,824,614	−25,540,500

[1] Includes appropriation for defense-production activities.

Secretary McKAY. I want to call your attention to the fact that we show reductions in nearly every bureau.

Mr. JENSEN. A considerable amount of your reduced requests are due to a reduction in personnel. It would not make up the majority of the difference but it is a substantial amount.

Secretary McKAY. We have pretty heavy personnel reductions in Reclamation and Bonneville Power Administration. The annual dollar saving in personnel for the entire Department is $18 million. There is a difference between these net revenue figures and the figure I used in my statement. I think that Mr. Beasley can probably explain that.

Mr. BEASLEY. In the Secretary's statement, as he read it, he referred to $218 million being collected in fiscal year 1953. Of that, $25 million was paid to States and counties as required by statute, $42 million was used by the Department for expenditures under authority to expend revenues, and the $150 million represents a return to the Treasury as an offset against the appropriations.

ROLE OF DEPARTMENT IN RESOURCE CONSERVATION

Secretary McKAY. Let us consider the proper role of the Department of the Interior in the field of natural resources.

The rapid growth of our industrial processes to meet the demands for finished products coupled with our increased population has placed heavy burdens on the Nation's natural resources. The conservation

and efficient utilization of these resources are of vital concern to all of us. The responsibility for development of this national heritage cannot be left to the Federal Government alone, but must be shared by local agencies both public and private.

The Federal Government cannot impose its own ideas of resource development to the exclusion of the responsibility of State, local, and private interests. The Federal Government should provide guidance where necessary for proper development but it should carry out only those programs in which the national interest is paramount or where the character and magnitude of the projects is such that others are not able to carry them out successfully. By working together we can insure the maximum development of this country's resources. This must be our goal if we are to maintain the economic strength necessary to continue the progress which is so necessary to our future welfare.

Our programs for 1955 have been prepared with this thought in mind. We recognize also that the practices of many years, even though subject to change, cannot be changed suddenly if there is danger of disruption to essential work.

The Federal Government must continue its programs for the conservation of our land, water, and mineral resources. It also must carry out its responsibility with respect to the Indian people. Our actions should be directed toward achieving self-sufficiency of our Indian population in order that they may take their proper place in our society.

We all have the urge to do even more. We recognize the need for increased development of all of our resources, but we are up against the cold, hard facts of economic life. I speak with experience as a businessman. In business one cannot long survive when expenditures constantly exceed income. We must recognize the dangers of an unbalanced budget. The estimates of this Department are therefore predicated upon a reduction of expenditures without impairment of essential resource programs.

Large Federal commitments in the past have created a budgetary situation which requires immediate and very serious consideration. Certain work must be deferred if income and expenditures are to be brought in balance. There are many worthwhile projects that might be undertaken, but today they must await more favorable circumstances. Our programs have been prepared to provide for the proper management, operation, and maintenance of facilities which have already been completed or will be completed in the fiscal year 1955. The program also provides for continuing orderly construction of projects under way and for initiating urgently essential work, which should be undertaken even under present budgetary conditions.

As an illustration of the Department's action in carrying out these overall policies, I wish to cite what has been accomplished thus far in the development of the hydroelectric potential of our water resources. The dominant role the Federal Government has taken with respect to power has left dormant the local potential capacity to contribute to resource development. Subsequent to the announced policy of this administration to encourage State, local, and private participation in meeting area needs, applications to the Federal Power Commission for license to construct hydroelectric developments are significant. In the Northwest such applications since July 1953 include at least five large projects of about 2,600,000

kilowatts capacity. This indication is encouraging since it is evidence that other interests are willing to help meet the area needs for power. Of more importance to the Congress is that development can go forward without the large expenditure of Federal funds.

This does not mean, however, that the Federal Government should refrain from taking its proper place in the development of our water resources. We should not assume the role of sole developer nor should we be a dominating factor to the exclusion of others and thereby assume the obligation of public utility responsibility, or more simply, the primary supplier of power.

There still remain many projects which the Federal Government should undertake due to their character and magnitude. Transmission lines for the disposition of Federal power should be constructed to interconnect Federal projects to gain the advantage of integration. Transmission lines should be built to the load centers where necessary. Construction of lines should be conditioned on certain determinations; the transmission lines should be economically feasible and within an economic marketing area. A further consideration is also to be made. Where other public or private agencies have existing lines or are willing to construct the necessary lines at no less advantage to the Government than if it constructed the lines, the Government should not undertake the construction. In certain areas we are proposing Federal construction of transmission lines in 1955 and in other areas we are engaged in negotiations for the disposition of power by others without the need for large Federal investment in transmission facilities. We believe that contracts can be made to the mutual advantage of all concerned.

This concludes the oral part of my statement. I should like the remainder of the statement to be made a part of the record. It covers the details of the program. Because of its length and since each bureau head, together with the appropriate Assistant Secretary will be here to discuss these details with you, I will not impose upon the committee's time by reading this part of the statement.

FORMULATION OF THE BUDGET

Before closing, however, I want to explain how the Department's budget was made up this year. After each bureau head submitted his recommendations to the Department, the Assistant Secretary for that Bureau met with the Bureau head and his key staff officials and went over the budget in detail. The Assistant Secretary then met with the Under Secretary and agreed upon the final recommendations to be made to me. The Administrative Assistant Secretary and the Division of Budget and Finance participated and assisted in these discussions. I feel this procedure resulted in a well-prepared budget.

Mr. Chairman, I will be glad to discuss any aspect of the Department's work that you or any other member of the committee may care to discuss, or, if I cannot, I will ask questions of those who are here with me.

Mr. JENSEN. Mr. Secretary, I certainly want to congratulate you on that very fine statement, and to compliment you and your staff on the good job you have done in cutting out a lot of unnecessary expenditures which most of us in Congress and around the country, especially in the West, were very sure were not necessary.

I know that you have instituted a reorganization program that is working. I took a tour last December from San Francisco down through the valley to Los Angeles with your regional director for California. We stopped at the Tracy pumping station. We drove to Albuquerque, N. Mex., and I stopped at Gallup and talked to the people there in charge of the Indian Bureau. I am sorry that Mr. Emmons was not home at the time, but we had a very fine meeting with the people in charge of the Navaho Indian program. They have some problems.

Secretary McKAY. They have many.

Mr. JENSEN. I have asked, Mr. Secretary, that the area director out there be brought in to the hearing. I hope that you will agree to that.

Secretary McKAY. We will agree to whatever the Congress wishes and we will bring him in if you wish.

Mr. LEWIS. That has been arranged.

Secretary McKAY. We have been over 100 years getting ourselves into the shape we are in with the Indians and we are not going to get out of it overnight.

RECLAMATION IN CALIFORNIA

Let me tell you about Mr. Spencer. There were about 2,200 employees in reclamation offices in California and Mr. Spencer reduced it to 1,635. I think they might be able to reorganize some more. The man running it was not very happy so he quit and we picked the best man we could find and that is Mr. Spencer who built Hungry Horse. Hungry Horse is one of our best projects. One reason is that there was a good man building it. Secondly, Congress always appropriated the money as necessary each year so that the job went right along with as much money being provided as could be used judiciously. Mr. Dexheimer reorganized the offices and we promoted him to Reclamation Commissioner. I think that we have a good start on the Bureau of Reclamation.

Mr. JENSEN. I am sure of that.

When I was with him he said that at first there were many complaints from men in that locality who had been there for quite some time and were spreading propaganda to the extent that the whole working machinery of the Bureau of Reclamation was being wrecked. He believes they realize now, that instead of wrecking it, he really improved it, and that there is no lost motion or very little compared to what it was.

That man made quite a record on Hungry Horse. He not only finished the job ahead of schedule but finished the job for over $4 million less than the estimated cost.

Secretary McKAY. My memory is $7 million. It was substantial anyway. I will tell you one other thing about Mr. Spencer. He had an offer of a job for $5,000 more than the Government pays him, an offer from private enterprise. I rode with him down to Hungry Horse because I wanted to talk to him privately. He said that he had come back with a chip on his shoulder and Ralph Tudor and Fred Aandahl had sold him a bill of goods. He has 25 years of service and the retirement feature was attractive to him. He said he had become tired of being called a bureaucrat. We have some good engineers, and must make an effort to keep them.

Mr. BUDGE. Mr. Chairman, I would like to correct the record on Hungry Horse having been built under the estimate. It depends on what estimate you take. They were far more than $7 million over the original estimate. It was $7 million under the final estimate made just prior to its completion.

ISLETA DIVERSION DAM

Mr. JENSEN. I must call your attention, Mr. Secretary, to one thing. I am sure that you have heard about it. There is a dam just below the city of Albuquerque, N. M., most of which I believe was built with WPA funds. That dam, as one man said, "was built on feathers," and it is now sinking over a span of possibly one-fourth of the length of the dam. One of these days, unless we do something about it and do it quckly, the structure will be worthless. It will cost a great deal of money to rebuilt it if it is let go much longer. The more quickly we get to it, the less money it will take to repair it.

Secretary MCKAY. I am not familiar with that one.

Mr. LEWIS. Is that an Indian service or a reclamation dam?

Mr. JENSEN. It is in the Middle Rio Grande Conservancy District.

Secretary MCKAY. We will check it.

Mr. LEWIS. I do not know about the dam. I knew there was quite a problem as far as the district was concerned.

Mr. JENSEN. It is the Isleta diversion dam. I bring it up here and mention it to you because I hope you will get as much information on it as you can. My time was so short I did not get the whole story. I told them I would report this to the Secretary of the Interior and, no doubt, someone will be sent down to look into it.

The Rio Grande is in terrible condition. One of these days, the Elephant Butte Dam is going to be worthless because of the silt going down the Rio Grande by the millions of tons. Unless someone takes an interest in it, it will lead to a bad situation. I do not know how it can be handled, but I am bringing it to your attention because I do want it to have attention.

Mr. TUDOR. It is a diversion, not a retention dam, apparently supported by piles.

Mr. JENSEN. It is in worse condition than that picture shows. I do not know the date of that picture. I bring it to your attention because I certainly want you to look into it and see what your recommendations will be.

Mr. TUDOR. I will make a note of this and we can get a copy of the report.

Secretary MCKAY. We will check it and report to you.

Mr. JENSEN. Very well.

Mr. Secretary, you referred to another statement.

Secretary MCKAY. Yes, sir. That is the statement that goes into more detail of the programs for each bureau. I thought perhaps you would want to go over that statement with the bureau heads and Assistant Secretaries at the time they come before you, or you may not. We will do whatever you wish, sir.

ADMINISTRATION, DEPARTMENT OF THE INTERIOR

Mr. JENSEN. Well, I think that we can have each one of your Assistant Secretaries in charge of the respective branches go through it very rapidly.

INCREASE REQUESTED FOR OFFICE OF THE SECRETARY

What is the amount which you are asking for the Secretary's office this year?

Mr. BEASLEY. $2,330,000.

Mr. JENSEN. What was it last year?

Mr. BEASLEY. It was $2,325,000.

Mr. JENSEN. In 1954 it was $2,325,000 and you are asking for $2,330,000 this year. That is $5,000 more than you had last year.

Mr. BEASLEY. Yes, sir; and that is accounted for by a $25,000 reduction in the staff that was authorized this year and a $30,000 increase to provide for the Defense operations that have been appropriated for separately in previous years.

Mr. JENSEN. So, in effect, what is the end result whem comparing the 2 years?

Mr. BEASLEY. $5,000 increase.

Mr. JENSEN. It is just as it shows here?

Mr. BEASLEY. Yes, sir.

Mr. JENSEN. I think that you might just tell us why you are asking for $5,000 more than you asked last year?

Secretary MCKAY. Some of these defense agencies will be abolished. You cannot write the work clear off. There will have to be a little money spent to carry on during the change back to the way it was before the defense activities came in. Is that the main reason?

Mr. BEASLEY. That is correct.

We are reducing the staff authorized this year by $25,000 in the Secretary's office. There is an item of $30,000 requested to finance the staff engaged on the defense responsibilities assigned to the Secretary of the Interior under the Defense Production Act. This year in a separate appropriation, we have something like $500,000 appropriated for all of the defense activities. For other than oil and gas, the amount requested is being reduced to $30,000 next year, and the amount is being requested under the appropriation to the Secretary.

Mr. LEWIS. May I add one thing that has some effect on that, I believe. You will recall in the Secretary's statement that the Division of Land utilization was abolished. As the result of that, there were certain items of work done by that Division which came within the bureaus that were assigned to me, and the work could not be abandoned completely, and the technical review staff does that type of work for my part of the Department when called upon to do it. So they had to, in a sense of the word, absorb that amount of work which they have done without any increase. It is comparatively substantial.

For instance, we had land appeals. I think we had somewhere around one hundred-odd land appeals that had just been so far behind that they could not be handled in the current work. We assigned all of those to the technical review staff. They are now wiped out There are other pieces of work like that that they have picked up and done and will continue to do. It does not illustrate itself quite properly on account of that.

Mr. JENSEN. Are you requesting any change in the language of your bill this year?

Mr. BEASLEY. There are some changes, but no major or significant changes, Mr. Chairman.

Mr. JENSEN. Just clarifying language?
Mr. BEASLEY. Yes.

SURPLUS DISPOSAL PROGRAM

Mr. JENSEN. Mr. Secretary, what is the result of your surplus-disposal program? Can you give us a little summary of that?

Secretary MCKAY. No, I cannot. I would have to ask somebody to do that for me. Usually those things, are turned over to GSA when we declare them surplus.

Mr. JENSEN. You make recommendations, however, as to what you consider surplus?

Secretary MCKAY. Yes.

Mr. BEASLEY. We are looking in all areas, Mr. Chairman, to the possibility of disposing of any property not required in the Department's operations. Probably the most outstanding example is in the case of the Alaska Railroad where we will dispose of a tremendous amount of surplus property.

Mr. JENSEN. Do you have a person in your Department that handles the disposal of surplus?

Mr. BEASLEY. Yes, sir. We have a Division of Property Management that works very closely with the bureaus on disposal of surplus property, and also works very closely with the General Services Administration.

Mr. JENSEN. Would it be too much trouble for you to furnish a tabulation of the dollar amount of material and property that you have recommended be disposed of?

Mr. BEASLEY. We would be very happy to supply the information.

Mr. JENSEN. I wish you would do that. It has been talked about a lot. Many departments of Government have a lot of surplus property that might just as well be disposed of and the money be put in the Treasury of the United States.

Secretary MCKAY. We will get the information for you. We have been trying to clean up some of these things.

Table of supplies, equipment, and material declared to the General Services Administration as excess to the needs of the Department of the Interior during calendar year 1953

[Figures shown represent acquisition cost]

Bureau	1st quarter	2d quarter	3d quarter	4th quarter	Total
Bureau of Indian Affairs	$1,980	(1)	[1] $46,372	[2] $22,942	$71,294
Southeastern Power Administration					
Office of Territories	206,263	$332,052	252,656	[3] 236,623	1,027,594
Bureau of Land Management		8,377	799	7,516	16,692
Office of the Secretary	14,207		15,814	16,579	46,600
Bureau of Mines	4,246	1,462	10,948	37,585	54,241
Southwestern Power Administration		11,417		(4)	11,417
Bonneville Power Administration	128,889	11,768	4,313	63,486	208,456
Geological Survey		170	59,040	71,758	130,968
National Park Service	5,305	2,428	6,171	44,176	58,080
Bureau of Reclamation	457,981	782,860	1,113,299	462,788	2,816,928
Fish and Wildlife Service	125	70,329	260,030	143,773	240,257
Total	818,996	1,220,863	1,535,442	1,107,226	4,682,527

[1] 2d and 3d quarter operations consolidated by the Bureau of Indian Affairs.
[2] Data not received as of Jan. 25, 1954, for Aberdeen or Albuquerque area offices.
[3] Data not received as of Jan. 25, 1954, for the Virgin Islands Corporation.
[4] Data not received as of Jan. 25, 1954.

Mr. R. DAVIS. Would it be appropriate to mention one item in the Alaska Railroad survey report that recommends disposal of $10 million worth of material that they think is surplus? The information we have would indicate that it would require some congressional action to permit the disposal of that property. It would permit not only getting rid of the property, but it will also eliminate a great extent of maintaining storage space and personnel to look after the material. Is it appropriate in this committee to mention the fact that we may need some congressional action to be able to do a thing like that?

Mr. JENSEN. I never heard of such a thing.

Mr. BEASLEY. I think the reason that it has been mentioned in the manner in which it has been is that the proposal for the disposition of that property provides that it not be listed. This is a lot of property the railroad acquired under authority of this committee some years ago that permitted acquiring property from other agencies without exchange of funds. They have acquired an enormous amount of property and there is no inventory of it. Under the regulations they have to advertise, and in order to advertise, an inventory is required. In order to avoid the cost that would be entailed in making an inventory, it has been suggested that the property be disposed of as a lot. The team that made this survey, I think, felt it would be in the interest of the Government to dispose of it in this manner. That is the reason Mr. Davis has raised the question he has as to the possibility that we may need legislation.

Mr. JENSEN. If you need legislation to dispose of property which is of no use to the Government, it is news to me.

Secretary MCKAY. They do not have an inventory. It is just something that they have accumulated. I think the same thing applies to Fish and Wildlife up there.

Mr. JENSEN. What type of property is involved?

Mr. LEWIS. Lathes, building materials, miscellaneous tools, nuts and bolts, scrap iron. It is everything having to do with running a railroad from welder's masks to locomotives.

Mr. JENSEN. It is absolutely useless to you?

Mr. KALBAUGH. It is beyond our needs. The present setup is that everything has to be inventoried and then the entire governmental setup has to be checked to see if anybody has any desire for any of the material. As a consequence, we have to list everything item by item and circularize all the other Government agencies. We have to wait until they all reply. When they have replied it has to be inventoried again and put up for bid, for sale. It is a long, laborious, and drawn-out process which makes it very difficult.

Mr. JENSEN. Possibly the Congress is to blame for that, but this committee has many times suggested and recommended that property that is surplus in one branch of the Interior Department be turned over to the other branches of other bureaus without any dollar exchange.

I do not know whether I would care to go on record as saying I would approve selling Government property without first inventorying the property and giving other departments of the Government an

opportunity to purchase it. Without a doubt, if you sell that property in a lump sum, you will have to offer a very good price and possibly you may not get over 15 or 20 percent of its value. So I would say that I believe you should inventory that property and go through the regular process, as laid down by custom more I guess than anything else, even though it would take 3 or 4 months. A businessman would not think of doing anything else. A businessman would not consider doing anything other than inventorying all his property. If he had something that he did not need, he would make every effort to sell it and dispose of it at the best price possible. I worked for a big company for 24 years. If that company had something in one of its 50 lumber yards that was not moving, we would get a list of the material and sometime in the next year or two, all that property would be sold at a reasonable price. That is no different than the program we follow in government.

Recently, I was in Seoul, Korea. They need a lot of things in their rehabilitation program. We told our rehabilitation people in Korea that we have a lot of surplus lying around in the United States and they should let the proper officials of government know what you need. We have, without a doubt, surplus property that is doing no one any good, that would be of great use in Korea. They mentioned railroad equipment and I mentioned how we obtained equipment for the Alaska Railroad. After the war we picked up locomotives. We picked up coal cars. We picked up from surplus every kind of equipment you could imagine and sent it up there, and the railroad is doing very well. We had to buy some new things but, by a simple book transaction with no dollars involved, the Alaska railroad was soon in pretty good shape. I told those people in Korea to tell us what they need. To tell the officials in this administration what they believe is needed and they might be surprised to know how much material is lying around doing no one any good.

They said they certainly will do that.

It is quite possible that a lot of the surplus you have in Alaska would serve a very good purpose in the rehabilitation of the railroads in Korea which apparently we are duty bound to rehabilitate. Water traffic is not too expensive.

Mr. KALBAUGH. That is to get it over there?

Mr. JENSEN. That is right. I think we had better follow the old practice of inventorying the material and furnishing a list to the different departments in Government.

Mr. TUDOR. Mr. Chairman, the point was that there was a survey team that recommended that. The Department has not recommended it.

Mr. JENSEN. The survey team recommended that it be sold in one lump sum?

Mr. TUDOR. They recommended that it be considered. I think it significant that the survey team made this report and they recommended the disposal of the equipment. Even if we have to transfer it without benefit of any monetary consideration to the Alaska Railroad, the railroad will be ahead because of not maintaining the storage. That was a survey team's recommendation and not the Department's recommendation.

Mr. JENSEN. We have a cooperative building program with a number of municipalities in Alaska where we agreed to pay half the costs of utilities, schools, and other things for these towns if they live up to their part of the agreement. I think the law says that the Congress may appropriate 50 percent of the amount required up to a certain total amount. I believe the request is for something like $5 million this year.

Secretary MCKAY. We asked for $10 million and got $5 million for fiscal year 1955.

Mr. JENSEN. You asked for $10 million and the Bureau of the Budget gave you $5 million.

This committee has always insisted that Uncle Sam live up to his promises, and we have insisted that the people live up to their promises to Uncle Sam. I presume that the citizens of those towns in Alaska would feel that Uncle Sam did have a responsibility to live up to this promise. Possibly they do not know that the law says that the Federal Government may contribute 50 percent.

Secretary MCKAY. Mr. Lewis, do you know the situation?

Mr. LEWIS. We went into it carefully in a number of instances, and the situation is such that I do not know how much we will be short because of the cut from $10 million to $5 million, but I do know that the people there have gone into areas, and, in going into those areas, to build homes, or anything like that, have believed that these things were going to come to pass because the Government did enter into an agreement. If the money is not available, whether the law says "may" or not, they are going to feel that somebody welched. There is no doubt about that.

How much we are going to be short on account of this, I do not know. I would have to check that.

Mr. TUDOR. We probably will be short on the amount negotiated, but not all of those materialized. We probably have enough to meet all those that materialized.

Mr. JENSEN. Do you mean in fiscal 1955?

Mr. TUDOR. That is right.

Mr. JENSEN. I wish you would bring information to the committee which would give the committee an assurance that we are living up to what these people in the respective municipalities in Alaska believe is our responsibility as the Congress of the United States.

Of course, if they cannot spend over $5 million and if we can still prove to them that we are living up to our part of the bargain, that is a different matter.

Mr. LEWIS. Mr. Chairman, I think that Mr. Tudor is technically correct and he may be completely correct. We will check into this so that we can properly advise you. But I have a feeling that one thing has occurred there which has done away with the benefits of being technically correct is that we have negotiated with these communities to provide half of the funds. There have been many discussions about it. Actual contracts have not been signed, but all of the negotiations have come to such a pass that the newspaper stories of the developments in the area have been based for many months on the theory that the contracts have all been signed and I think that we are going to find ourselves in that position in quite a number of

cases. I know of a couple of cases already where we went ahead and did things that we rather disliked doing, but the communities and the people of the communities had taken steps based on understanding to the extent that we felt we could not afford to not sign a contract, although we would have not approved of it in the first place.

Mr. TUDOR. There is another factor that I think we should consider and that is any carryover funds.

Mr. JENSEN. We would like to have the complete picture.

Mr. TUDOR. We will get that for you.

Mr. JENSEN. Let us go through this statement on the different branches. First, Southwest Power Administration.

Secretary MCKAY. Mr. Fred Aandahl is not here today. There is no one to speak for him. He handles Southeastern and Southwestern and Bonneville Power. Mr. Orme Lewis of the Bureau of Land Management is here.

Mr. JENSEN. We have already heard from the Bureau of Land Management.

BUREAU OF INDIAN AFFAIRS

Secretary MCKAY. That is right. Indian Affairs is under Mr. Lewis.

Mr. JENSEN. On the Bureau of Indian Affairs, I believe you are making recommendations to emancipate some Indian tribes? Are you not?

Mr. LEWIS. Yes, sir.

Mr. JENSEN. Have you consulted and conferred with the tribal councils of those tribes?

Mr. LEWIS. Here is the procedure that we have followed with respect to those tribes on which the Congress directed that we prepare bills. You will recall that there was a joint resolution on that. We prepared, as quickly as possible, because the time was relatively short, a discussion bill, as we called it; in other words, just the form of a bill that would accomplish the purpose but that was not final in any sense of the word so that no Indian or anybody else could properly say that we were trying to thrust a particular bill down their throats.

We sent those to the field and they were discussed with the tribes and, to the extent that time permitted, they were discussed likewise with the county and State governments and the people generally interested, as well as with the Congressmen who were particularly interested in the tribe in the area. That was done in each case. We now have submitted our reports to the Bureau of the Budget and to Congress on each one of those. In many instances the tribe has not yet completely reported its attitude, but where that has been true we have called it to the attention of the Congress, and the same thing is true with the counties and cities. We have gone through the entire routine so that nobody has failed to be consulted about it, although some feel that the consultation has not been long enough. We have been extremely careful about that.

Mr. JENSEN. I note that the budget provides for $80,534,230 for fiscal year 1955 compared with an appropriation of $85,122,760 in 1954, a decrease of $3,588,530. In a few words, tell us where you effected that saving?

Mr. LEWIS. That was not effected principally in any one area. As a matter of fact, there were some areas in which there were some

rather substantial increases such as in health, education, and welfare which went up a couple of millions of dollars. There are some fields that were cut a little, but there are so many fields of activity that the overall cut enabled us to do that. I cannot recall offhand any place where there was a substantial cut except in construction. There we had a very substantial cut and that was true in almost all of the bureaus, as we explained this morning when we were discussing the Fish and Wildlife Service. We tried to throw our efforts into rehabilitation, that is, maintenance and operation fields.

Mr. JENSEN. Mr. Secretary, the reason I am asking you questions right now, is because you cannot be here when these bureaus come before the committee. I am going through these items rapidly because, should there be something that you would like to mention while you are here, the committee would be happy to have you talk about anything which comes to your mind as we go through the different departments.

Is there anything that you want to add to your prepared statement, Mr. Secretary?

Secretary MCKAY. The only thing is, Mr. Chairman, that I urge you very sincerely and as urgently as I can not to cut it any lower. I think we are right down to the bedrock. I would like to have the balance of this statement received for the record.

Mr. JENSEN. It may be received.

(Statement referred to follows:)

BUREAU PROGRAMS

SOUTHEASTERN POWER ADMINISTRATION

The operation and maintenance estimate is $1,450,000 as compared with an appropriation of $1,130,000 in the current fiscal year, a net increase of $320,000. The increase is due entirely to need for purchase of firming power and wheeling charges under the contract with the Virginia Electric & Power Co. in connection with the disposal of power from the John H. Kerr Dam. For this purpose $381,000 increase is requested; however, other activities are reduced by $61,000 below 1954.

The Department is not proposing construction of transmission facilities in this area. It is believed that arrangements can be made in addition to those already made with private utilities and preference customers for the disposal of Government power in an economical manner and in accordance with preference provisions of law. To accomplish this purpose, negotiations for the sale and transmission of power and energy developed at power producing projects are under way. For a number of the projects, long-term contracts have been executed. However, the Department is disposing power in several instances under interim agreements. In addition initial energization is scheduled for two projects in 1955 and 1956. It is expected that long-term arrangements can be made for disposal of this power through facilities of operating utilities in the area to mutual advantage of all concerned.

SOUTHWESTERN POWER ADMINISTRATION

The estimate for operation and maintenance is $1,030,000, and in addition the budget proposes a transfer of $520,000 unobligated balances of the construction appropriation to this appropriation which would provide for a program of $1,550,000. Included in this program is $450,000 for purchase of power and wheeling charges, which, in previous years, has been financed from the continuing fund. Under this rearrangement of activities, the continuing fund will be used only to meet emergencies to the system which would affect continuous service.

In keeping with the directions of the Conference Report on the 1954 bill, the Department has worked out interim arrangements with the Central Electric Power Cooperative of Missouri and Western Farmers Electric Cooperative of Oklahoma. These arrangements are in lieu of the lease-purchase contracts for

which the Congress directed that the continuing fund should not be used. The Department is continuing negotiations with cooperatives in the area for the purpose of finally concluding contractual arrangements for an interchange of power.

No appropriation is being requested for construction. However, the budget contemplates a program in the amount of $605,000 to be financed from unobligated balances of previous year appropriations. The greater part of the estimate is for the purpose of providing service connections to supply power to customers.

BONNEVILLE POWER ADMINISTRATION

The estimate for the construction program of the Bonneville Power Administration is $30,200,000. Of this amount $24,321,000 will be applied toward the completion of transmission lines and substations previously appropriated for by the Congress and presently under construction. The balance of $5,879,000 is programed to initiate construction on transmission facilities to reinforce the transmission grid to meet increased generating capacity and to serve growing customer loads. The need for facilities proposed for construction has been developed by discussing the plan of service with operating utilities, both public and private, in the area.

There have been significant increases in generation in the past year and additional capacity will be added in the next several years. It is essential that transmission capacity be available at the time generating capacity is added to the northwest power pool.

The estimate of $6,600,000 for operation and maintenance represents an increase of $596,000 over the amount appropriated for 1954. Increases are provided for system operation and maintenance activities due to requirements for operation and maintenance of additional facilities which will be placed in service. These increases are offset in part by reductions in the power marketing and management activities.

BUREAU OF LAND MANAGEMENT

Activities under Management of Land and Resources will require $11,625,000 which provides for increases in certain activities which are offset by deferring the weed-control program.

Increases are requested for lease and disposal of mineral resources and for land use and disposal. There continues to be a large demand for use of the public domain in the United States and Alaska which has been stimulated greatly by the need for additional sources of oil and minerals.

Additional funds are needed in the forestry activity to meet the additional cost of fire protection and to increase the harvest of overripe and windthrown timber.

The estimate also provides for stepping up the cadastral-survey program in the States of Arizona, California, and Utah in order that these States may obtain the school sections to which they are entitled by law.

The weed-control program has been deferred for the present to permit an evaluation of the effectiveness of the practices used in eradicating and controlling weeds.

BUREAU OF INDIAN AFFAIRS

The budget provides $80,534,230 for fiscal year 1955 compared to an appropriation of $84,122,760 in 1954, a decrease of $3,588,530. The estimate includes $150,000 for work in the Missouri River Basin financed in previous years by appropriation to the Bureau of Reclamation.

One of the most engaging and no doubt the most complex problems with which the Department is faced is the program of bringing the Indian peoples of this Nation to realize the part they should and are entitled to have in our way of life. Many are fortunate in being able to live almost entirely on their own resources but others less fortunately situated must still receive help. It is the Department's purpose to place the more fortunate on their own responsibility as quickly as possible.

The request for health, education, and welfare services for fiscal year 1955 is $54,105,320 compared to an appropriation of $52 million in fiscal year 1954, or an increase of $2,105,320. In fiscal year 1955 the estimates propose placing more Indian children in regular schools and closing schools where it is possible to achieve economy without being detrimental to the educational program. Hospitals that are costly to operate will be closed where proper care can be provided in the local hospitals.

Unfortunately, for the present at least, it is not possible to bring this adjustment about for all Indians. Increased amounts are required to operate new hospitals that have not been operated at full capacity, and economies achieved in closing the more inefficient hospitals will be offset by the need to provide care in local hospitals. The same problem is also faced with respect to schools.

The estimate for the resources-management program is $13,092,910 which is slightly lower than for 1954. Greater emphasis is being placed on the basic responsibilities for management and protection of Indian property. Responsibility for lands set aside for Indians is included in treaties with Indian tribes and numerous laws. So long as these treaties and laws place this trusteeship responsibility in the Federal Government, the job of real-estate management, including the settlement of estates, is of utmost importance to the Indian owners and interested non-Indians. Resources are not utilized to the greatest advantage in many instances where the Bureau is not able to bring the volume of land work current and to maintain it at that level. Individual Indians are deprived of income from land where a sale or lease is delayed.

The committee is urged to consider the importance of this function of the Federal Government and to recognize the fact that the Indian is helpless in such circumstances.

The request for construction funds is $10,336,000 or a reduction of $5,533,000 compared to 1954. Experience has shown that progress on work has not kept pace with the funds available. There is still a need for construction to meet the need for schools, hospitals, and irrigation facilities especially in the Navaho and Hopi areas. The resources of these tribes are far from sufficient for them to maintain a livelihood. The objective still remains to assist the Indians in achieving self-sufficiency although it must be recognized it can only be accomplished in an orderly manner in accord with the individual ability of the tribes to manage their own affairs.

BUREAU OF RECLAMATION

The budget provided $121,838,000 for construction activities of the Bureau of Reclamation. This is an increase of about $10,500,000 compared to the appropriation for fiscal year 1954 after taking into account transfers to other appropriations for activities previously financed in this appropriation. The construction program for fiscal year 1955 will be approximately $24 million less than in 1954 after carryover funds are taken into consideration. The amount requested will provide for continuation of construction on going work without unduly retarding orderly completion. The estimate also provides for initiating rehabilitation work on several of the older projects to permit more efficient operation than is now possible.

In the past large carryover amounts have developed as a result of construction progress not keeping pace with the funds available. It is believed that the funds requested for fiscal year 1955 will bring this situation more into balance and still provide a realistic reclamation program.

The request for operation and maintenance funds is $23,154,000 compared to an appropriation of $19,500,000 in fiscal year 1954, or an increase of $3,654,000. This increase is to provide for operation of additional facilities that will be completed and provide for proper maintenance and replacements to prevent serious deterioration of completed works.

There are two changes in the budget for the Bureau of Reclamation to which your attention should be directed. Heretofore funds (approximately $2,800,000 in 1954) for project investigations for the Missouri River Basin project have been programed under phases B, C, and D of that project and appropriated for under the appropriation heading "Construction and rehabilitation." The budget provides for the consolidation of these phases with the appropriation for general investigations. Funds (approximately $3 million in 1954) for other agencies of the Department, which participate in the comprehensive plan for the Missouri River Basin project, have previously been included in the appropriation for the Missouri River Basin project under the appropriation "Construction and rehabilitation" for the Bureau of Reclamation. The budget for fiscal year 1955 provides for including this phase of the activity in the appropriations of the respective agencies participating in the program. This is called to your attention so that these important changes will not be misunderstood.

The estimate of $6 million for general investigations is substantially the same as the amount programed in 1954 after the adjustment for transfer of investigation work previously financed in the construction appropriation is considered. This activity provides the basic information for future project development. It

is important that adequate funds be made available to assure that reliable information can be developed to support the reports on projects submitted to the Congress for authorization.

GEOLOGICAL SURVEY

The request for fiscal year 1955 is $27,335,000 compared to an appropriation of $27,750,000 in fiscal year 1954. The estimate includes $1,475,000 for work in the Missouri River Basin financed in previous years by appropriation to the Bureau of Reclamation.

The estimate for topographic surveys and mapping for fiscal year 1955 is $12,290,000. Even during times of strict budgets it is essential that the survey and mapping activities be continued at a substantial level. The maps produced include information that is the basis for the development of our natural resource, utilization of the land resources, and for planning military installations and operations.

The estimate for geologic and mineral resources for fiscal year 1955 is $5,460,000 The heavy inroads of modern industrial uses of minerals and metals have revealed the urgent need for better knowledge of the location and extent of the Nation's deposits of raw materials required in every day production processes.

The request for water resources investigations is $7,025,000 for fiscal year 1955. Knowledge of the surface and subsurface water supplies are of paramount importance in planning both domestic and industrial expansion. In recent years, it has been realized that not only the arid regions need additional water supplies but the more humid areas as well require new sources to meet growing demands. Investigation to determine the extent and location of underground sources and more knowledge of surface flows is essential to meet the growing requirements. Information on surface water is basic to the planning of dams and reservoirs to conserve a resource that is otherwise wasted to the sea and many times becomes a destructive force.

The estimate also includes $1,300,000 for supervision of mining and oil and gas leases. This important revenue-producing activity covers the supervision and regulation of leases for the extraction of the valuable mineral, oil, and gas resources of the public domain. This activity also includes the development of the outer Continental Shelf which is expected to increase during 1955.

The wise management of our natural resources requires that the programs of the Geological Survey be continued at an adequate level to provide reliable basic data for the needs of the Nation.

BUREAU OF MINES

The budget provides $20 million for fiscal year 1955 compared to an appropriation of $22,713,180 for 1954, a decrease of $2,713,180.

The estimate includes $13,750,000 for conservation and development of mineral resources. The conservation practices and technological processes developed by the Bureau of Mines are essential to an adequate future supply of raw materials that are consumed in the Nation's industrial processes. There is a great need for developing better practices in ore recovery and improved methods for utilizing low-grade ores. New developments in equipment have increased the demand for scarce minerals as well as emphasized the need for finding means of utilizing new minerals and metals to meet special conditions. Emphasis has been placed on the programs which will contribute most to the solution of these problems.

The estimate provides $5 million for the health and safety program in fiscal year 1955, which will keep the program at the current level. It is important that the lives of those that choose to work underground be conserved and that conditions contributing to injury and death be corrected. Inspections and investigations of conditions in the mines, protective equipment, and mining practices are required to detect potential hazards in order that corrective measures may be taken before tragedy strikes. Studies of factors contributing to unsafe conditions and the education of workers to recognize improper practices and potential hazards are an essential part of the program since it encourages alertness to dangers that may develop between inspections.

NATIONAL PARK SERVICE

The budget provides $28,468,000 for fiscal year 1955 compared to appropriations totaling $33,853,850 for 1954. The estimate includes $180,000 for work in the Missouri River Basin financed in previous years by appropriation to the Bureau of Reclamation.

The estimate includes $9,750,000 for management and protection compared to an appropriation of $8,869,550 for 1954. Increased visitation to parks and other areas administered by the Park Service requires additional protective, guide and visitor's service to accommodate the public. Funds are also required for accommodating the public at four new areas for which funds have not previously been provided.

The estimate includes $8,850,000 for maintenance and rehabilitation of physical facilities in fiscal year 1955 compared to $8,300,000 in 1954. In addition to providing for additional miles of roads and trails and facilities at new areas, the amount requested is necessary to maintain existing roads and trails and buildings and utilities at a sufficient level to avoid undue deterioration due to heavy usage. Improper maintenance not only results in inconvenience to the public but in more costly repairs in the future.

The estimate includes $8,600,000 for construction in fiscal year 1955 compared to an appropriation of $13,916,300 in 1954. The program provides for the most essential work on parkways needed to complete usable portions where the need is greatest. Work on roads and trails will be concentrated in areas where the demand for public use requires reconstruction and completion of usable sections. Buildings and utilities will be constructed in the areas where the need for accommodations is the most urgent.

FISH AND WILDLIFE SERVICE

The budget provides $11,702,000 in fiscal year 1955 compared to an appropriation of $12,670,600 for 1954. The estimate includes $135,000 for work in the Missouri River Basin financed in previous years by appropriation to the Bureau of Reclamation.

The program for fiscal year 1955 will be at approximately the same level as during the current year, since the reduction in direct appropriations will be offset by a greater use of the permanent appropriations for management and investigations by a reduction in the land-purchase program.

The estimate for management of resources is $6,600,000. The impact of increased hunting and fishing and the adverse effect of certain water resource developments on the fish and wildlife resources requires a constant effort in the management of fish and game to prevent serious inroads on the basic stock. Studies are required to determine the effect of both public and private development of water resources in order that recommendations can be made with respect to proposed projects.

The estimate also provides $4,027,000 for investigation of resources. The importance of fish in the food supply of the Nation requires continued research into the causes of fluctuations in yields from the ocean fisheries. Both man-made and natural causes of depletion are investigated to determine means of minimizing adverse effect on fish and wildlife resources. Research is also conducted on inland fisheries to determine the best methods for combating diseases and natural predators, as well as to determine the most suitable means of offsetting losses resulting from water resource development projects.

OFFICE OF TERRITORIES

The budget provides $40,924,000 for fiscal year 1955 compared to an appropriation of $43,236,300 in 1954, a reduction of $2,312,300.

The request for the administration of Territories is approximately the same as in 1954 except for a reduction of $245,000 for grants to the Virgin Islands.

The program for the Trust Territories is $5,825,000 an increase of $1,525,000 over 1954. The appropriation for 1954 made no provision for constructon or rehabilitation of buildings and facilities. Many of the structures and utilities were installed during the war years as temporary structures with materials that could not withstand the climatic conditions over any length of time. It is proposed to reconstruct or replace the badly deteriorated buildings and construct facilities of a more permanent nature to provide the most essential needs.

The request of $5,000,000 for Alaska public works provides only for the most urgently needed streets, sewer extensions, utilities, and schools.

The request for construction of roads is $9,940,000 to continue construction of work already under way and for improvements on existing roads and bridges.

For operation and maintenance of roads the estimate of $3,500,000 includes an increase of $500,000 to provide for maintenance of additional mileage to be brought into service and for better maintenance of existing roads to prevent undue deterioration from usage.

The amount of $890,000 for Virgin Islands public works will allow for constructing and equipping an elementary school at Charlotte Amalie.

The request for construction on the Alaska Railroad is $11,994,000. Of this amount $2,900,000 is included to complete the new dock at Seward initiated with an appropriation made by the Congress last year. The amount of $9,094,000 will complete the rehabilitation of the Seward-Portage section of the railroad. The reconstruction of this section of the railraod and the completion of the dock at Seward is extremely important to the economic operation of the railroad. The use of this portion of the railroad in its present condition is hazardous and may result in loss of expensive equipment. Under present circumstances maintenance costs are high and traffic must be retarded due to its poor condition. All of these factors contribute to higher cost of operation.

OIL AND GAS DIVISION

The committee's attention is directed to a new item. This budget provides $300,000 for reestablishing the Oil and Gas Division. This Division will resume the activities which were transferred to the Petroleum Administration for Defense at the time the Defense Production Act was passed in 1950. Funds for the activities under the Defense Production Act were provided under a separate appropriation.

There is a need for a highly qualified staff to obtain, coordinate, and evaluate data on the oil and gas industry. The Oil and Gas Division will work closely with industry on domestic and worldwide supply of and demand for petroleum and petroleum products. The industry recognizes and supports the need for such a staff to provide vital information not only for domestic operations but also for coordination of planning to meet national emergencies.

BUREAU OF MINES

Mr. JENSEN. Bureau of Mines.

Secretary MCKAY. Felix Wormser is here. He can tell you about that.

Mr. JENSEN. You are going to be up here one of these days. Dr. Fenton, you know, is the chairman of the subcommittee on the Bureau of Mines, and he has spent a lot of time on this committee going into the problems of the Bureau of Mines. He has traveled many, many thousands of miles all over this country, looking into the facilities of the Bureau of Mines, governmental facilities and private facilities. I shall not go into this item at this time, except to say that the Secretary in charge of the Bureau of Mines or the Secretary of Interior may feel free to make a statement on it if either one cares to.

Mr. WORMSER. Mr. Chairman, I have no special statement at this time. The Secretary and my associates here have all worked very closely on these matters of the budget and I think we can handle the situation very well when our turn comes to appear before you, which I believe is next Tuesday. I think we have all day before you.

Mr. JENSEN. Congressman Fenton will be sitting here in this chair at the time. It is a very important business, as is the business of every other branch in the Department of Interior. As Congressman Kirwan always says, this is the All-America organization. We just appropriate for America.

Secretary MCKAY. Plus Territories.

Mr. JENSEN. Yes; and they are part of America.

NATIONAL PARK SERVICE

Mr. JENSEN. National Parks. Is there any statement you would like to make at this time, Mr. Lewis?

Mr. LEWIS. I do not think there is any particular statement to make at this time. I think it can well be taken up, as Mr. Wormser

said, at the time of the regular hearing on it, although the Secretary may have some statement that he would like to make.

Secretary McKAY. This is one that both Mr. Lewis and I are pretty well acquainted with. It is a highly emotional one, you know.

For instance, 46 million people went through the parks last year against 21 million people in 1941. When you look at the records, you will see that they do not have enough personnel to handle those additional people, in their opinion. They need a tremendous amount of money for capital investment, but it just is not possible at this time, so the budget people were very good to us in that respect. We have to maintain our roads and buildings, so they gave us, I think, a $550,000 increase for this and on management and protection there was a $690,000 increase. When you look at the record as of today against 1941, Congress has done pretty good for the parks, because in that day they were only appropriating about $9 million instead of $28 million.

Of course, in those days, some of the parks were in the hands of the Army, and also they got a lot of work done by the CCC. They had a lot of trails and so forth built in the PWA days. Those are gone, so our parks are not in too good shape.

Then we have this situation: A fellow wrote an article, which is a kind of a crusade article, and that aroused public opinion. The parks have a lot of backers and many people are aroused.

The President called me about it and I went over and talked to him. I said, "I do not think we have done too bad. I would like to have more money for parks, but I just do not think it is in the cards at the moment, so I think the thing to do is to have the committee take a look at this and see what they think." As I say, I would like to have $50 million for the parks, but we just do not have it.

ENTRANCE FEES

Mr. JENSEN. The Park Service has made some changes in entrance fees.

Secretary McKAY. Seasonal ones.

Mr. JENSEN. Yes. I wonder if these changes are the way they should be?

There are families that get 2-week vacations from their regular jobs and go to the national parks. They go in there and pay the regular fee. They stay there for 2 weeks only.

Then there is the fellow who can go to the park for 2 weeks. He pays $3 or $4. Then maybe he will leave and go to some other park or he may come back to that park in another couple of weeks, and he gets the privilege of coming in again for an extra dollar.

I cannot see why it would not be entirely fair and would involve a lot less bookkeeping if every time a person goes into a park it would cost so much, eliminating the seasonal fees. If they are going to stay there for a month it is a different thing, but if they leave and come back I believe the regular entrance fee should be paid each time.

Mr. LEWIS. I think, generally speaking, you are absolutely right. The only trouble is it is very hard to get a uniform system that will take care of the problem. Actually, what happens—and the reason for the seasonal fee—is not so much for the benefit of the person that you are speaking of. It is for people who live in the vicinity of parks,

and by reason of their activities in connection with the park. It is just as though you lived next to another community—they have to come and go fairly often. It is rather unfair for them to pay every time they come and go through the park merely because they live in that area.

For instance, there are some parks in which, while it was not originally intended that way, although it has worked out that way, they use a piece of road through the corner of a park to get from one point to another. If they had to pay 50 cents or $1 every time they did that, that would be rather unfair. Therefore, people like that get a seasonal pass.

Where there is one of the type that you are speaking of, as I am informed by the Park Service, there are probably 25 or 50 of the type that I have just described, and those are the ones that have created the problem for us.

Mr. JENSEN. I think that pretty well answers my feeling in that situation. I am going to tell you frankly that I had not thought about it.

Mr. LEWIS. I had not myself, and I raised the same question you did, exactly.

ACCESS ROADS AND PARKWAYS

Mr. BUDGE. I note that the Park Service pays for the maintenance of quite a few miles of highways outside the national parks, which could be termed, I suppose, access roads to the parks. However, the States receive the travel revenue from the people going over those roads, and I am wondering if you have given any consideration to doing away with the maintenance of roads outside of the parks?

Secretary MCKAY. Personally I have given some attention to the overall problem, because I think we have been getting into parkways, for instance, where we had no business. I think we ought to leave the highways to the State and the Bureau of Public Roads and we will stay with the parks.

There are some parkways, like the Skyline Drive, where, if we do not watch our step we are going to be in the highway business in a big way.

Can you add anything about these roads in the States?

Mr. LEWIS. Yes. We worked on it quite a little bit. I imagine that your discussion is pointing toward the access roads, rather than parkways, as such.

Mr. BUDGE. Yes; although I certainly concur with the remarks the Secretary just made.

Mr. LEWIS. We have been quite upset. The parkway problem was called to our attention most forcefully by the Baltimore-Washington Parkway. It is being used for an entirely different type of service than it was originally intended.

Then to a lesser degree but, nevertheless, a strong degree, we have these parkways in the South. They are very beautiful and they are very useful, but whether the Park Service is the one to have anything to do with at least the road part of it, I have some serious doubts.

Then we found that the Park Service was getting involved in this Mississippi Parkway. That is one that was going to extend from the Canadian border down to New Orleans. They made a report on it at the request of Congress.

We had quite a discussion on that when we made a report on the bill. Our final report on the bill is very carefully worded to the end that we will have absolutely nothing to do with it except in a consulting service sense of the word, where park aspects come into it, but not as to the highway.

Then you get down to your access roads. Frankly, on that, I think it is probably lack of force on the part of the Park Service and the natural disinclination of the State, once a road is built, to do anything about it if the Federal Government will take care of it, which is understandable. Some of these access roads are for the purpose of access to the parks, and for no other service whatsoever. Those are pretty difficult to get the States to take over, despite what you say about the gas tax. I understand your point of view, and I am wholly sympathetic with it. However, as to the access road that later opens up and becomes useful for many other purposes, we have turned over some of those and we are still working on others. I do not think we should take care of any roads outside of the parks except in rare instances, where an exception is obvious.

FISH AND WILDLIFE SERVICE

Mr. JENSEN. Fish and Wildlife. Mr. Farley appeared here this morning and made a very fine presentation, with other members of his staff, so the committee has the information on that branch of the service already. Unless there is something that you want to add, we need not bother about that.

OFFICE OF TERRITORIES

Mr. JENSEN. Office of Territories.

Mr. LEWIS. Mr. William Strand is in charge of that, and that comes in my category. The only comment I would like to make at this time—and I would like to make one inasmuch as the Secretary is here—is this:

Mr. Strand just returned from a trip through the mandated islands, and Senator Cordon was with him, and I believe Senator Young and several others. I have been quite bothered about the mandated islands ever since I came into the Department. We have discussed it, but we really have not done anything about it, anticipating this trip, so we would have a little first-hand information.

I am very much afraid, very sincerely afraid, that unless a very special effort is made, that it is going to turn into the Indian problem of the next generation.

OFFICE OF SOLICITOR

Mr. JENSEN. Mr. Davis, the Solicitor of the Department, is there anything that you would like to talk about at this time?

Mr. DAVIS. Not today, Mr. Chairman. I would like to appear whenever the appropriate time comes, and then I do want to spend some time in going into the whole question of the reorganization of the legal staff of our Department. We have been processing the report but it is not typed yet. It will be finished by the first of the week. Any time after that I would like to come up.

Mr. JENSEN. All right. We will be glad to have you.

BONNEVILLE POWER ADMINISTRATION

Mr. JENSEN. Mr. Pearl, Administrator of the Bonneville Power Administration.

Mr. PEARL. I understand we are to meet with you on February 8, and at that time I will be as well prepared as I can be in this amount of time.

Mr. JENSEN. We always ask a new administrator of a department to give us a little résumé of his life, his past experience, and so forth, and we shall have you do that when you appear before the committee at the regular hearing.

We are glad to have you here today and glad to meet you. No doubt you realize that you have taken on quite a responsibility. There has been a little discussion occasionally about the Bonneville Power Administration. However, from all indications, things are being squared around and knowing the experience you have—I already know some of your background—we will not have as many headaches as we have had in the past. I am sure of that.

THE ALASKA RAILROAD

Mr. Kalbaugh, the new Superintendent of the Alaska Railroad.

Mr. Kalbaugh, is there a statement you would like to make at this time?

Mr. KALBAUGH. No; thank you very much, Mr. Chairman. I am also on your agenda for the next week.

DIVISION OF INFORMATION

Mr. JENSEN. Mr. Smyth, the Director of Information.

Mr. SMYTH. No, thank you, Mr. Chairman. I appreciate the opportunity of coming to this meeting.

I might say, Mr. Chairman, on this information budget, which was quite a subject for discussion in the last budget, as you recall, this committee set a limitation of $100,000, and in the conference you raised it to $250,000. We are now operating at slightly more than $100,000. It is $105,000 now.

Mr. JENSEN. And what is your request for this year?

Mr. SMYTH. $250,000, the same as you agreed upon in the conference. I said at that time we would not spend any more than necessary, and that is excatly what we are doing.

Mr. JENSEN. I remember that.

Mr. SMYTH. We are, I think, just less than $5,000 over the committee's original limitations.

Mr. JENSEN. Congratulations. Thank you.

Mr. BUDGE. Mr. Chairman, I have a few policy questions I would like to have the Secretary discuss with the committee. I want to be just as brief as possible.

First, I would certainly wish to extend my personal commendation to the Secretary and to his staff for the savings which they have effected for the American people, both the taxpayers and the water users of the country. I think that you have gone a long way toward restoring the policies of the Bureau of Reclamation and other agencies under your control within the framework for which they were intended. I know that both the taxpayers and the water users will be grateful to you for the savings which you have effected.

In that connection I have tried for some time to find out whether the Department of the Interior was operating within the framework of the sentence which you used on page 10 of your statement. That sentence is:

> In business, one cannot long survive when expenditures constantly exceed income.

Before the legislative committee which deals with your Department, some 10 days ago, I requested your Department to furnish figures as to the Federal investment in the Missouri River Basin and the amount which had been repaid.

Frankly I was startled when the Department furnished those figures. The Federal investment in the Missouri Basin, in rough figures, was some $5,500 million and the amount repaid was slightly in excess of $94 million. I have for months attempted to get an analysis of the business operations of just the Bonneville Power Administration, whether it was making money, or breaking even. I have been furnished with a multitude of figures from the Bonneville Power Administration but I have not yet found an accountant who can understand them. I am just wondering if, in the Department, you are making a study of these various phases, so that you can advise this committee at some later time whether or not these programs are going to be self-financed so that they will eventually pay out, and approximately when? Is that kind of a study being made in the Department?

Secretary McKAY. Yes. I am not prepared to give it today. With reference to the Bonneville, for instance, we have not had the survey team look into its operations so we do not know all we want to know about that. We do not know what rockbottom will be. The reason we do not know at this time is because we started out last July on this survey program and took the big ones first, because that is where the most money is involved.

As far as reclamation is concerned, I think Ralph Tudor is far better equipped to talk about that than I am. I am just wondering about this Missouri Basin. Was not a large part of that capital investment for flood control?

Mr. BUDGE. I assume a large portion of it was.

Secretary McKAY. It never will be repaid.

Mr. BUDGE. $94 million is a tiny fraction of this $5,500 million.

Secretary McKAY. I think the Congress should be able to ask the Bonneville Power Administration for financial statements—and get them. Of course, the whole Government accounting system is a little different from what you have in business. I do not know whether we will be able to get it straightened out. We ought to be able to look at its operations and tell where we are. I have been a little surprised to find out the small percentage repaid on some of those projects. I have been surprised also at the number of years it will take in some cases to pay out. I presume it is that they were just anxious to build some projects, and perhaps the best projects have been built and the rest of them will be a little tougher.

Mr. Jensen was talking about food. If you get down to the point where you are hungry you will pay $1.50 for a ham sandwich and

be tickled to death to get it. We may be in that situation some of these days. I do not know.

Mr. BUDGE. All of those who are friendly to the reclamation program have been very seriously disturbed in recent years by the low status to which the Bureau of Reclamation was reduced. It became so unpopular in the Western States, where it was intended to serve the people, that they wanted the Bureau to get out of business entirely. I am very thankful with the approach that you have made.

I believe that now we can put the Bureau of Reclamation back into business and restore the confidence of the people in it.

Secretary MCKAY. That is what we hope to do. Of course, there is the case of refinancing. I ran up against that in Stanfield, Oreg., my home State. This project was built by private money years ago, and it was a white elephant. It would take a little over 100 years to pay off. I said, "That is too long a time to hang," but the deal had already been made with the people, and they signed up; so we had to sign up, just to keep the Government's word.

In my own business I would not waste my time trying to collect those accounts. You waste more time thumbing through a lot of accounts. You might as well write them off. I think the mistake is made in the beginning when you approve the project, and we have been too anxious to get some projects and not anxious enough to get good projects.

Mr. BUDGE. The information which your Department gave in response to my inquiry said that in the Missouri Basin—and it gave quite a maze of figures there—if you do not pay interest to the Federal Government it takes 83 years to pay off. If you do not use the interest component it takes 96 years. That was reflected in the figures furnished by your Department some 10 days ago. I would like to request that the Department furnish this committee with an analysis of those two projects, particularly, and others, if you can do it, as to how they look from a straight business basis, when they will pay out, if ever?

Secretary MCKAY. Some of them do not look very good.

Mr. TUDOR. May I answer?

The Missouri Basin project is being reviewed by the Bureau of the Budget at the present time because of the complexities and the unfortunate financial picture it does present. That is largely an Army engineers' project, mostly flood control, with some costs allocated to reclamation, in some instances, but the great bulk of that project is nonreimbursable because of the flood-control aspects of it.

We are in the middle, of course, of a discussion of the matter there, because of the power units that are now coming into being, and for which we are the marketing agent, regardless of whether they are reclamation or Army engineers' dams.

REVIEW OF POWER RATES

Perhaps you have heard of the statement we made that we might well have to raise rates for power in order to have some semblance of pay-out and opposition has come up as a result of our statement to that effect.

We are reviewing those rates, in an effort to recover as much of the cost as we can. We may very well, however, get into a situation

where we would price ourselves out of the market. That is something we have inherited, something we can do nothing about, and we may have to come back and talk it over further with the Congress.

In the case of the Bonneville Power Administration, we are now in the process of reviewing our rates up there. That must be done every 5 years, and that comes up just about a year from now, and, within the Department, we are making a study. We are going back into the cost allocation of projects, the pay-out schedules, interest rates, interest components, the allocation of cost benefits to downstream dams that do now exist, and things like that. Frankly, I do not believe it is going to show a greater rate increase than was predicted in the past administration.

I think that $22.50 will take care of the situation there. It has been discussed over the past years.

Of course, they are faced with new projects, for which the unit construction cost per kilowatt of power is considerably higher than in past projects.

One of the worst ones we have had before us is the Southwestern Power Administration, wherein several dams built by the Army cost something over $700 million, with costs allocated by the Army in accordance with presentations made before Congress, and authorizations were granted.

The Army allocated something over $400 million to power. The Department of the Interior is the marketing agency and for reasons with which we are not entirely familiar, cost allocations of approximately $200 million were allocated to power. Rates were set accordingly. Clearly, if the cost that was allocated to power by the Army engineers, and presumably met with the approval of Congress, is to be recovered from power, the rates must be raised.

However, again, we may very well get into a situation where we would price ourselves out of the market, and, of course, that would be poor business.

Furthermore, we might create a situation if we went too far with that, and too fast, where we would jeopardize the very existence of some of those REA's down there, in which the Federal Government has a large investment now. We have some very serious problems, and I think those 3 are the 3 most difficult fields we are in.

We have them all under consideration, but it is going to be a while before we get those figures all straightened out.

Mr. BUDGE. I am sure this committee, and the entire Congress, would very much appreciate a financial statement as to how the Government's business is getting along in those fields—which we have never had, to my knowledge.

Mr. TUDOR. We do not have that now. We are working on it in each of those three fields, because those are the most difficult ones.

Mr. JENSEN. If I may just interject, I think it has to be said in all fairness, that the Missouri Valley project is a comparatively new project. The revenue-producing facilities, which of course are the hydrodams, have hardly come into operation as yet. So that accounts for the low return of revenue that has been collected. The Missouri Valley, the Pick-Sloan plan, covers a sixth of the entire area of the United States, and until we get those power dams in operation, naturally, we are not going to realize much revenue. There will be a considerable amount of irrigation, which will finally return some of the

money. However, a great share, I forget just how much, of the whole Missouri Valley development, is charged to flood control.

As I remember, about 32 percent, maybe it is more, of the overall cost of the whole Missouri Valley project is not reimbursable.

Also, there are allocations made to the Indian Service, the National Park Service, and others that are not reimbursable. The financial picture in the next 10 years will look much better than it does today because the revenues in the next 10 years will amount to a lot of millions.

Mr. BUDGE. Mr. Chairman, I am not concerned about the nonreimbursable items, such as flood control, recreation and those things which you mentioned, but I think in the neighborhood of, I am just guessing, about half of the expenditure, has been for reimbursable items, such as the production of power and irrigation.

Those are the things I am concerned about, whether we are making money or losing money, and if so, how much either way. I do not know, and am just curious.

Secretary MCKAY. I do not know either. I am going to find out for you, though.

Mr. JENSEN. If we are not careful, we are going to price Federal power out of the market because hydroelectric power is about the highest priced power that can be produced today, if not the highest. I will never forget an engineer for the Department who testified to that very thing before this committee a number of years ago.

He said "hydroelectric power is the highest price power that can be produced," and he elaborated on it. It is all in the record. His name was Ben Creim. He has now gone to his reward. However, he was honest about it and he was not appreciated by some people.

I am sure it would be very revealing if we were to take the advanced costs of building hydroelectric dams today as against the time when these rates were set, especially in the Missouri Valley—those rates were set at 5½ mills, I believe since that time construction costs have almost doubled, if not more than doubled.

They said at that time that it would take 5½ mills to pay out that project, according to law. If we were to charge 10 mills or 11 mills for Missouri hydroelectric power, we could sell no power.

You are exactly right. I stated that in the committee here several years ago. I told the people in my district up and down the river that very thing, so we have a problem. You folks have a problem. We have to sell this power, because if we do not, then our revenue is shot. Of course we have to sell it. However, I do not think you dare, and I do not think you can, add approximately 100 percent to the price of power over what they said they would have to have years ago, in order to pay those projects out. If you add 100 percent to the price of that power, in most instances you would price yourself out of the market. They are producing power now from natural gas so cheap that it is just surprising, right in the Missouri Valley, and all over the country.

It is going to take a lot of mighty deep thinking and careful doing, in order to get this thing straightened out.

Secretary MCKAY. I will just say in a few words that we are trying to get out of the habit of kidding ourselves on these things, and get down to what the thing actually is by good bookkeeping, but it does take a little time, and I think we are making some progress.

Or course, you get a lot of brickbats thrown at you along the way. A lot of people try to stop you.

Mr. TUDOR. I think that that is one of our principal troubles on the Missouri Basin today. We are facing the facts for the first time.

TRACY PUMPING PLANT

Mr. BUDGE. I use these three items which I have jotted down here because they are three which I noted this past summer while traveling with other members of this committee.

In California at the Tracy Pumping Plant the Bureau of Reclamation has spent in excess of $500,000 thus far on a program, which they estimate will cost $4,500,000, to keep fingerling fish from being drawn into the streams leading into the Tracy Pumping Plant.

ROAD RELOCATION

At the Salano project, the Bureau of Reclamation proposes to relocate a small and extremely old and inexpensive county road across the canyon where it will be a superhighway as compared with the county road. At the Coachella project—I think through the action of the chairman of the committee, this particular item has been deleted—the Bureau of Reclamation proposed to build a bridge and an approach to a bridge on a road which has been more or less abandoned. The road goes down into an arroyo where the floods would hit if there are any floods, and the purpose of this bridge is to be able to permit automobile traffic to go over the bridge if there is a flood. You could not reach the bridge from either direction if there were a flood, so the committee did not see any justification for that one.

However, using them as examples, I am wondering if the Department does not go way too far?

Referring to these three examples and the one we discussed a few minutes ago in regard to maintenance of access roads to national parks, why does the Department have to do these things so much better than as they existed before?

This item of $4,500,000 for the fish: the State of California wanted the Tracy pumping plant. Why should not the State of California take care of its own fish? Why does the Department have to do all these things, and do them in such a lavish fashion?

Secretary MCKAY. I think that is the law.

Mr. LEWIS. I think that is a congressional act.

Secretary MCKAY. As to the roads, where you build a superhighway where the old road exists, my own experience with that when I had a valley project in my own State was that the Army engineers built it, but the Federal Government just paid for the reestablishment of this road up on the mountain, as it existed down below where you could not have two cars passing. Then the State and the county had to provide the balance to build a modern road on the new location. That is the fair way of doing it.

Mr. BUDGE. But that is not the way it is being done in this instance.

Secretary MCKAY. I do not know about this case, but I do not think there is any other fair way.

Another thing, if you require these local communities to do some of these things themselves, they will not be in here requesting so loudly

for some of these projects that are not any good. Let them put up some of their own money if they think they are good. We did in Oregon.

Mr. BUDGE. I hope the Department is giving consideration to some of the ultratreatment which has been given in the relocation of roads and such things.

Secretary MCKAY. Mr. Tudor has written those down and we will look into it.

I agree with you, if you are going to relocate the road, give them the same kind of road they had.

Mr. BUDGE. No one can complain about that.

Secretary MCKAY. I did not mean build the road. I mean the Federal Government will pay for what it will cost. I would not build that road. Then the Congress has to provide the money to build modern roads.

REGIONAL OFFICES

Mr. BUDGE. I have listened with a great deal of interest to the descriptions of the survey teams, and I certainly hope that they work out.

There is one thing I hope the Department will give consideration to, and that is this business of regional offices, which has grown up in the Department of Interior, I believe to a greater extent than in any other Department in the Government.

As far as I am concerned, the regional office is just an elbow in a pipe.

We were talking a few minutes ago about personnel for the parks. Yellowstone National Park has about 100 employees and yet, sitting down at Omaha in the regional office of the Park Service, there are 90 employees. Are your survey teams taking the regional offices into consideration?

Secretary MCKAY. Yes. Mr. Lewis could probably tell you better about that because he has read the report on parks, and I have not.

Mr. BUDGE. I do not mean to go into that. We will do it when the Park Service appears before the committee. I am just inquiring whether it is being investigated.

Secretary MCKAY. They are investigating everything regarding better business management.

Mr. TUDOR. I have read all of these reports as they have come through. It is a little bit surprising to me—and perhaps to you—but it is a fact that practically all of these management teams do recommend the continuation of the regional offices, but under different circumstances.

Mr. BUDGE. That is what happened in California. This committee recommended that the regional office of the Bureau of Reclamation be abolished in California. It was abolished, and everybody seemed to be getting along fine. The survey team says to put it back so now we have another regional office.

Mr. TUDOR. The survey teams in a great number of these bureaus have come up with that kind of organization, but here is what they have generally done: They have almost universally cut down the size of the Washington office, so that this becomes not a detailed review office here but a general policy office.

Heretofore we have had details here, details in the region, details in the field. They recommended that regional offices be kept in existence and either cut down the things being done there and have them done at the local level, as in the case of the Park Service, or, as in the case of the Bureau of Reclamation. They recommended that some of the things being done at the lower levels should be done in the regional offices. However, all of these teams have found the general regional features to be good, but it has been abused. We have too many people in the regions; we have had too many people in Washington; and frequently too many people in an area office, as in the Bureau of Reclamation, so they had about 3 or 4 detail steps to go through.

Mr. BUDGE. My home city had three Bureau of Reclamation offices in it. We had the project office, the regional office, and the area office—3 offices in 1 city.

Mr. TUDOR. We will have the region. We do not have any area offices now. We are down to project offices, which go with the project, and open and close as a project is opened or closed.

UPSTREAM DEVELOPMENT

Mr. BUDGE. I have noticed that the Army engineers have announced a new policy whereby, instead of spending so much money on downstream diking and things of that nature, they now propose to go up to the head of the watershed and store the water at the higher elevations rather than on the lower elevations. We who are interested in irrigation are interested in having the Bureau of Reclamation do the work rather than the Corps of Army Engineers, even if we have to repay it when the Bureau of Reclamation does it, and we do not when the Army engineers do.

I am wondering if the Bureau of Reclamation and the Department have given any consideration to upstream storage at the higher elevations, rather than attempting storage downstream for the production of power?

As an example, on the Columbia Basin, Mr. Secretary, with which you are very familiar, does it not make more sense to store the water up at a 5,000-foot elevation than down at the 700-foot elevation, for all of your projects on that river?

Secretary MCKAY. I would not say all of them, but we need upstream storage very badly now.

Libby is the best one of which I have knowledge. It is an Army engineers' project. It is not ours. This project would firm up with Grand Coulee with 2 million kilowatts, and Chief Joseph, and so forth.

One of the flood rivers is the Clearwater and the best dam on the Upper Middle Snake, in my opinion, would be Nez Perce, but it cannot be built because it is below the Salmon River and would interfere with the salmon runs.

Mr. BUDGE. Those elevations are only a few hundred feet. I am talking about controlling the water in the upper watershed so that it can be released from the higher elevations and used for irrigation and power production downstream. Is any thought being given to the higher elevation storage?

Mr. TUDOR. Yes, sir; I think that upstream storage, where it can be done, is where you should start, but you made one statement about storing for power. In the Columbia Basin, that would not be appropriate to start out that way because you must generate your power as near your load center as possible, within reason, to avoid the cost of transmission. That is one thing we have lost sight of out in the Columbia Basin, that is, the cost of transmission is getting to cost as much as the cost of generation.

In building dams downstream the time has certainly come to go upstream and build storage, so that that stored water—I am speaking now just of power—can spill through these several downstream dams, and increase the prime power.

Mr. BUDGE. It seems just as logical to me to have a half-dozen projects with 500,000 acre feet of storage as to have 1 big project that has 3 million acre feet, particularly if you have them at a high enough elevation to have far better control all the way down the river.

Mr. TUDOR. That is true in many instances.

You brought up the question of whether the Corps of Engineers or the Bureau of Reclamation should construct a project.

You made the statement that if the Army does it, you might not have to pay for it because it is nonreimbursable. I think that is not entirely true, sir, because even if the Bureau of Reclamation builds a project which has flood-control features, we go to the Army and discuss it with them, and flood control is nonreimbursable, just as though the Corps of Engineers built it.

Mr. BUDGE. Yes. And if there are any irrigation benefits, the irrigators pay for it.

Mr. TUDOR. Yes; if they build a dam which is flood control, and there is irrigation in it, the irrigators pay for it.

Mr. BUDGE. That is why I prefer the Bureau of Reclamation to do it, because I think the two can go hand in hand.

Mr. TUDOR. The Bureau of Reclamation has been in the doghouse, according to your remarks; I have been in your State and I have been elsewhere, and many, many times the question is asked: "Can we not bring the Army engineers in?"

Of course, we do not like that. We can appreciate how a lot of it has come about, but we would like also to have it recognized that we are trying awfully hard to make the same kind of an organization out of the Bureau of Reclamation that it was a good many years ago. I think we have made progress to that end.

Mr. BUDGE. I think you have, too, and I am very happy about it.

Mr. JENSEN. Gentlemen, I certainly want to thank you for appearing before the Committee. I have enjoyed the afternoon with you. I feel that we have a better understanding of the overall picture of your philosophies, and the things that are to be obtained from this great job the Interior Department is doing.

COMPARATIVE SUMMARIES OF REVENUE, APPROPRIATIONS, AND PERSONNEL

Mr. JENSEN. We will insert into the record the several tables showing revenues, summary of the present budget, and compensated employment previously requested by the committee.

(The material referred to follows:)

Estimated and actual miscellaneous receipts and trust funds deposited in the Treasury of the United States for fiscal years 1953, 1954, and 1955

Item	1953 actual	1954 estimate	1955 estimate
1. Admission fees and concessions	$3,749,111	$3,974,575	$4,376,779
2. Hunting stamps and receipts from sale of refuge products	6,505,830	6,384,000	6,184,000
3. Grazing fees	741,278	736,397	765,200
4. Revenues, Oregon and California and Coos Bay Wagon Road lands	16,756,622	15,016,008	15,015,000
5. Sale of sealskins and other products	4,382,791	3,690,908	3,633,035
6. Oil, gas, and mining royalties and rents	47,970,649	53,553,900	55,130,100
7. Interest on and repayments to Colorado River Dam fund and other funds	7,040,741	7,047,332	10,264,872
8. Revenues from Colorado River Dam fund project	9,590,346	9,503,000	9,501,000
9. Collections, reclamation fund:			
Bureau of Reclamation	16,808,440	13,300,000	13,900,000
Bureau of Land Management:			
Receipts from mineral leasing, public lands	23,782,907	26,675,000	27,500,000
Other receipts	1,276,717	1,239,400	1,374,400
Power revenues	32,166,768	38,200,000	45,600,000
Total collections, reclamation fund	74,034,832	79,414,400	88,374,400
10. Sale of helium and of gas from helium plants	1,145,005	825,627	1,010,915
11. Sale of Bonneville power	40,179,809	44,866,656	52,678,000
12. Sale of Southeastern power	6,752,015	15,260,248	13,000,000
13. Sale of Southwestern power	2,711,368	6,666,419	7,704,614
14. Sale of Fort Peck power	1,972,937	2,012,050	2,393,709
15. Miscellaneous rentals, fees and permits	2,607,346	2,642,103	2,557,653
16. Collections for services to Indians	5,170,400	4,832,250	4,827,250
17. Alaska Railroad receipts	21,647,238	21,650,100	21,650,100
18. Recoveries and refunds	2,055,468	1,982,427	1,055,846
19. Sale of public lands, buildings, and other property	696,271	838,914	1,959,986
20. Unclassified receipts	468,254	480,403	606,870
Gross receipts, general and special funds	256,178,311	281,377,717	302,689,320
Less duplications [1]	38,298,256	44,982,000	43,460,210
Net receipts, general and special funds	217,880,055	236,395,717	259,229,110
All trust funds	24,561,702	29,488,701	29,656,099
Gross receipts, all funds	280,740,013	310,866,418	332,345,419
Net receipts, all funds	242,441,757	265,884,418	288,885,209

[1] Receipts duplicated are as follows:

Item	1953 actual	1954 estimate	1955 estimate
Receipts from mineral leasing, public lands collected by Bureau of Land Management included in "Oil, gas and mining royalties and rents" and "Collections, reclamation funds"	23,782,907	26,675,000	27,500,000
Interest on Colorado River fund, Boulder Dam project, transferred from receipts under "Revenues from Colorado River Dam fund projects"	3,415,349	3,500,000	3,500,000
Receipts from sale of power generated at Bureau of Reclamation projects included in "Collections, reclamation funds" and "Sale of Bonneville power"	11,100,000	14,807,000	12,460,210
Total	38,298,256	44,982,000	43,460,210

Summary of 1954 appropriations compared with 1955 estimates by activities

	Appropriation, 1954	Adjustments	Adjusted appropriation	Decreases	Subtotal, 1955	Estimate, 1955	Increase (+) or decrease (−) estimate compared with adjusted appropriation	Increase (+) or decrease (−) estimate compared with subtotal, 1955
OFFICE OF THE SECRETARY								
Enforcement of Connally Hot Oil Act:								
1. Enforcement of Connally Hot Oil Act	$150,000		$150,000		$150,000	$150,000		
SOUTHEASTERN POWER ADMINISTRATION								
Operation and maintenance:								
1. Power operations	70,000		70,000		70,000	70,000		
2. Power marketing	100,000		100,000	$5,000	95,000	95,000	−$5,000	
3. Purchase of power and rental of facilities	819,000		819,000		819,000	1,200,000	+381,000	+$381,000
4. Advance planning	50,000		50,000	50,000			−50,000	
5. General administration	91,000		91,000	6,000	85,000	85,000	−6,000	
Total, Southeastern Power Administration	1,130,000		1,130,000	61,000	1,069,000	1,450,000	+320,000	+381,000
SOUTHWESTERN POWER ADMINISTRATION								
Operation and maintenance:								
1. System operation and maintenance	907,000	−187,000	720,000	110,000	610,000	575,000	−145,000	−35,000
2. Power marketing	85,000		85,000	10,000	75,000	75,000	−10,000	
3. Purchase of power and rental of facilities		1,200,000	1,200,000	750,000	450,000		−1,200,000	−450,000
4. General administration	608,000	−63,000	545,000	130,000	415,000	380,000	−165,000	−35,000
Total, Southwestern Power Administration	1,600,000	+950,000	2,550,000	1,000,000	1,550,000	1,030,000	−1,520,000	−520,000
Research in the utilization of saline water:								
1. Departmental activities:								
Research coordination and administration	65,000		65,000		65,000	70,000	+5,000	+5,000
Technical assistance from Interior Department agencies in evaluation and supervision of research	35,000		35,000	5,000	30,000	30,000	−5,000	
2. Nondepartmental activities:								
Research and development of processes (contracts and grants)	240,000		240,000		240,000	260,000	+20,000	+20,000
Evaluation and supervision of research (consultants)	60,000		60,000	20,000	40,000	40,000	−20,000	
Total, research in the utilization of saline water	400,000		400,000	25,000	375,000	400,000		+25,000
Salaries and expenses, Oil and Gas Division:								
1. Coordination of oil and gas activities		+447,500	447,500	147,500	300,000	300,000	−147,500	

Summary of 1954 appropriations compared with 1955 estimates by activities—Continued

	Appropriation, 1954	Adjustments	Adjusted appropriation	Decreases	Subtotal, 1955	Estimate, 1955	Increase (+) or decrease (−) estimate compared with adjusted appropriation	Increase (+) or decrease (−) estimate compared with subtotal, 1955
Salaries and expenses, defense production activities, Interior:								
1. Defense Solid Fuels Administration	$49,200		$49,200	$49,200			−$49,200	
2. Defense electric power	16,000		16,000	16,000			−16,000	
3. Office of the Secretary	9,800	−$9,800						
4. Petroleum Administration for Defense	425,000	−425,000						
Total, salaries and expenses, defense production activities, Interior	500,000	−434,800	65,200	65,200			−65,200	
Total, Office of the Secretary	3,780,000	+962,700	4,742,700	1,298,700	$3,444,000	$3,330,000	−1,412,700	−$114,000
COMMISSION OF FINE ARTS								
Salaries and expenses:								
1. Commission of Fine Arts	21,200		21,200		21,200	21,200		
BONNEVILLE POWER ADMINISTRATION								
Construction:								
1. Construction in progress	26,630,000		26,630,000	26,630,000		24,321,000	−2,309,000	+24,321,000
2. New construction	11,046,000		11,046,000	11,046,000		5,049,000	−5,997,000	+5,049,000
3. General plant	1,190,000		1,190,000	1,190,000		830,000	−360,000	+830,000
Total, construction	38,866,000		38,866,000	38,866,000		30,200,000	−8,666,000	+30,200,000
Operation and maintenance:								
1. Maintenance of the transmission system	2,512,900		2,512,900		2,512,900	3,012,000	+499,100	+499,100
2. Operation of the transmission system	1,990,600		1,990,600	9,300	1,981,300	2,263,000	+272,400	+281,700
3. Power marketing	549,200		549,200	74,200	475,000	475,000	−74,200	
4. General administration	951,300		951,300	101,300	850,000	850,000	−101,300	
Total, operation and maintenance	6,004,000		6,004,000	184,800	5,819,200	6,600,000	+596,000	+780,800
Total, Bonneville Power Administration	44,870,000		44,870,000	39,050,800	5,819,200	36,800,000	−8,070,000	+30,980,800
BUREAU OF LAND MANAGEMENT								
Management of lands and resources:								
1. Lease and disposal of mineral resources	675,000		675,000	250	674,750	884,750	+209,750	+210,000
2. Land use and disposal	1,280,500	+113,516	1,394,016	5,517	1,388,499	1,614,483	+220,467	+225,984

3. Management of grazing lands	1,565,000		1,565,000	11,645	1,553,355	1,553,355	−11,645	
4. Forestry	2,507,500		2,507,500	6,460	2,501,040	2,623,540	+116,040	+122,500
5. Cadastral survey	947,000	+116,868	1,063,868	12,100	1,051,768	1,687,900	+624,032	+636,132
6. Soil and moisture conservation	1,725,000		1,725,000	6,528	1,718,472	1,718,472	−6,528	
7. Squaw Butte experimental station	38,000		38,000		38,000	38,000		
8. Fire suppression	210,000		210,000		210,000	210,000		
9. Maintenance of physical facilities	25,000		25,000		25,000	85,000	+60,000	+60,000
10. Weed control	1,300,000		1,300,000	1,300,000			−1,300,000	
11. General administration	1,210,000		1,210,000	500	1,209,500	1,209,500	−500	
Total, management of lands and resources	11,483,000	+230,384	11,713,384	1,343,000	10,370,384	11,625,000	−88,384	+1,254,616
Construction:								
1. Access roads	2,000,000		2,000,000	1,930,000	70,000	3,000,000	+1,000,000	+2,930,000
Total, Bureau of Land Management	13,483,000	+230,384	13,713,384	3,273,000	10,440,384	14,625,000	+911,616	+4,184,616
BUREAU OF INDIAN AFFAIRS								
Health, education, and welfare services:								
1. Hospitals, disease preventive and curative services	21,400,000		21,400,000	378,897	21,021,103	23,000,000	+1,600,000	+1,978,897
2. Educational assistance, facilities, and services	26,227,000		26,227,000	613,900	25,613,100	26,436,970	+209,970	+823,870
3. Welfare and guidance services	3,440,000		3,440,000	158,720	3,281,280	3,581,280	+141,280	+300,000
4. Placement and relocation services	579,600		579,600	26,781	552,819	750,000	+170,400	+197,181
5. Maintaining law and order	353,400		353,400	16,330	337,070	337,070	−16,330	
Total, health, education, and welfare services	52,000,000		52,000,000	1,194,628	50,805,372	54,105,320	+2,105,320	+3,299,948
Resources management:								
1. Forest and range lands	2,176,119		2,176,119	91,119	2,085,000	2,085,000	−91,119	
2. Fire suppression	140,000		140,000		140,000	140,000		
3. Agricultural and industrial assistance	1,838,982	+93,000	1,931,982	133,082	1,798,900	1,798,900	−133,082	
4. Soil and moisture conservation	2,671,672		2,671,672	126,672	2,545,000	2,545,000	−126,672	
5. Operation, repair, and maintenance of Indian irrigation systems	854,000		854,000	39,500	814,500	814,500	−39,500	
6. Repair and maintenance of roads and trails	2,020,000		2,020,000		2,020,000	2,270,000	+250,000	+250,000
7. Development of Indian arts and crafts	44,513		44,513	3	44,510	44,510	+3	
8. Management of Indian trust property	1,346,100		1,346,100		1,346,100	1,545,000	+198,900	+198,900
9. Repair and maintenance of buildings and utilities	1,862,374		1,862,374	12,374	1,850,000	1,850,000	−12,374	
10. Weed control	300,000		300,000	300,000			−300,000	
Total, resources management	13,253,760	+93,000	13,346,760	702,750	12,644,010	13,092,910	−253,850	+448,900
Construction:								
1. Buildings and utilities	8,369,000		8,369,000	8,369,000		4,553,000	−3,816,000	+4,553,000
2. Roads and trails	4,000,000		4,000,000	4,000,000		2,897,000	−1,103,000	+2,897,000
3. Irrigation systems	3,500,000		3,500,000	3,500,000		2,886,000	−614,000	+2,886,000
Total, construction	15,869,000		15,869,000	15,869,000		10,336,000	−5,533,000	+10,336,000

Summary of 1954 appropriations compared with 1955 estimates by activities—Continued

	Appropriation, 1954	Adjustments	Adjusted appropriation	Decreases	Subtotal, 1955	Estimate, 1955	Increase (+) or decrease (−) estimate compared with adjusted appropriation	Increase (+) or decrease (−) estimate compared with subtotal, 1955
BUREAU OF INDIAN AFFAIRS—continued								
General administrative expenses:								
1. Departmental office	$790,000		$790,000		$790,000	$790,000		
2. Field offices	2,210,000		2,210,000		2,210,000	2,210,000		
Total, general administrative expenses	3,000,000		3,000,000		3,000,000	3,000,000		
Total, Bureau of Indian Affairs	84,122,760	+$93,000	84,215,760	$17,766,378	66,449,382	80,534,230	−$3,681,530	+$14,084,848
BUREAU OF RECLAMATION								
General investigations:								
1. Engineering and economic investigations	2,810,621	+573,747	3,384,368	3,384,368		4,000,000	+615,632	+4,000,000
2. Advance planning	53,508	+883,047	936,555	936,555		1,750,000	+813,445	+1,750,000
3. Investigations of existing projects	35,871		35,871	35,871		150,000	+114,129	+150,000
4. Alaskan investigations	100,000		100,000	100,000		100,000		+100,000
Total, general investigations	3,000,000	+1,456,794	4,456,794	4,456,794		6,000,000	+1,543,206	+6,000,000
Construction and rehabilitation:								
1. Eklutna project, Alaska	7,381,453		7,381,453	7,381,453		4,512,000	−2,869,453	+4,512,000
2. Gila project, Arizona	4,067,194		4,067,194	4,067,194		2,700,000	−1,367,194	+2,700,000
3. Yuma project, auxiliary division, Arizona						100,000	+100,000	+100,000
4. Boulder Canyon project, Arizona-Nevada	372,159		372,159	372,159		1,206,000	+833,841	+1,206,000
5. Davis Dam project, Arizona-Nevada	2,212,869		2,212,869	2,212,869		2,761,000	+548,131	+2,761,000
6. Cachuma project, California	5,480,974		5,480,974	5,480,974		3,300,000	−2,180,974	+3,300,000
7. Central Valley project, California	6,323,162		6,323,162	6,323,162		23,493,000	+17,169,838	+23,493,000
8. Kern River project, California	3,001		3,001	3,001			−3,001	
9. Solano project, California						8,000,000	+8,000,000	+8,000,000
10. Colorado-Big Thompson project, Colorado	3,118,671		3,118,671	3,118,671		750,000	−2,368,671	+750,000
11. Paonia project, Colorado	7,052		7,052	7,052		10,000	+2,948	+10,000
12. Avondale irrigation project, Idaho	222,000		222,000	222,000			−222,000	
13. Dalton Gardens irrigation project, Idaho	268,000		268,000	268,000			−268,000	
14. Minidoka project, North Side pumping division, Idaho	956,056		956,056	956,056		1,900,000	+943,944	+1,900,000
15. Palisades project, Idaho	17,135,432		17,135,432	17,135,432		12,150,000	−4,985,432	+12,150,000
16. Fort Peck project, Montana-North Dakota	443,930		443,930	443,930		475,000	+31,070	+475,000
17. Carlsbad project, New Mexico						300,000	+300,000	+300,000
18. Middle Rio Grande project, New Mexico						1,221,000	+1,221,000	+1,221,000
19. Vermejo project, New Mexico	1,240,115		1,240,115	1,240,115		558,000	−682,115	+558,000
20. Rio Grande project, New Mexico	464,245		464,245	464,345		169,000	−295,245	+169,000

21. Klamath project, Oregon-California	291,170		291,170	291,170			−291,170	
22. Weber Basin project, Utah	5,141,234		51,41,234	5,141,234		7,900,000	+2,758,766	+7,900,000
23. Columbia Basin project, Washington	18,491,636		18,491,636	18,491,636		8,600,000	−9,891,636	+8,600,000
24. Yakima project, Kennewick division, Washington	3,473,048		3,473,048	3,473,048		3,100,000	−373,048	+3,100,000
25. Yakima project, Roza division, Washington						125,000	+125,000	+125,000
26. Eden project, Wyoming	199,248		199,248	199,148		600,000	+400,752	+600,000
27. Kendrick project, Wyoming	1,965,826		1,965,826	1,965,826		780,000	−1,185,826	+780,000
28. Riverton project, Wyoming	456,334		456,334	456,334		349,500	−106,834	+349,500
29. Riverton project, payment to Shoshone and Arapahoe Tribes of Indians, Wyoming						1,009,500	+1,009,500	+1,009,500
30. Drainage and minor completion program	557,999		557,999	557,999		1,000,000	+442,001	+1,000,000
31. Rehabilitation and betterment of existing projects	918,459		918,459	918,459		1,500,000	+581,541	+1,500,000
32. Missouri River Basin project:								
Phase A:								
Bostwick Division, Nebraska-Kansas	4,183,571		4,183,571	4,183,571		1,360,000	−2,823,571	+1,360,000
Canyon Ferry unit, Montana	515,248		515,248	515,248		155,000	−360,248	+155,000
Cedar Bluffs unit, Kansas	15,329		15,329	15,329			−15,329	
Crow Creek pump unit, Montana	558,387		558,387	558,387		236,000	−322,387	+236,000
Frenchman-Cambridge division, Nebraska	3,252,567		3,252,567	3,252,567		1,000,000	−2,252,567	+1,000,000
Jamestown unit, North Dakota	843,195		843,195	843,195			−843,195	
Kirwin unit, Kansas						3,160,000	+3,160,000	+3,160,000
Lower Marias unit, Montana	5,882,355		5,882,355	5,882,355		6,100,000	+217,645	+6,100,000
Rapid Valley unit, South Dakota	3,692,373		3,692,373	3,692,373		2,358,000	−1,334,373	+2,358,000
Shadehill unit, South Dakota	42,394		42,394	42,394			−42,394	
Transmission division	11,693,918		11,693,918	11,693,918		13,000,000	+1,306,082	+13,000,000
Webster unit, Kansas						5,700,000	+5,700,000	+5,700,000
Drainage and minor completion program	442,262		442,262	442,262		200,000	−242,262	+200,000
Subtotal Phase A	31,121,599		31,121,599	31,121,599		33,269,000	+2,147,401	+33,269,000
Phase B	883,047	−883,047						
Phase C	573,747	−573,747						
Other departmental agencies	2,500,000	−2,500,000						
Total, Missouri River Basin	35,078,393	−3,956,794	31,121,599	31,121,599		33,269,000	+2,147,401	+33,269,000
Total, construction and rehabilitation	116,269,660	−3,956,794	112,312,866	112,312,866		121,838,000	+9,525,134	+121,838,000
Operation and maintenance:								
1. Gila project, Arizona						715,000	+715,000	+715,000
2. Imperial Dam project, Arizona-California	50,000		50,000		50,000	50,000		
3. Yuma project, Arizona-California	179,500		179,500	179,500		130,152	−49,348	−49,348
4. Colorado River front work and levee system, Arizona-California-Nevada	1,103,500		1,103,500	1,103,500		750,000	−353,500	−353,500
5. Parker-Davis project, Arizona-California-Nevada	1,762,400		1,762,400	1,762,400		2,203,100	+440,700	+440,700
6. Boulder Canyon project, Arizona-Nevada	1,654,710		1,654,710	1,654,710		1,392,778	−261,932	−261,932
7. Boulder City, Nevada	525,000		525,000	525,000		550,000	+25,000	+25,000
8. Central Valley project, California	3,321,868		3,321,868	3,321,868		4,758,800	+1,436,932	+1,436,932
9. Colorado-Big Thompson project, Colorado	602,310		602,310	602,310		755,800	+153,490	+153,490
10. San Luis Valley project, Colorado	12,000		12,000	12,000		12,000		
11. Minidoka project, Idaho-Wyoming	291,800		291,800	291,800		600,800	+309,000	+309,000
12. Boise project, Idaho-Oregon	521,460		521,460	521,460		581,300	+59,840	+59,840
13. Hungry Horse project, Montana	302,640		302,640	302,640		373,500	+70,860	+70,860

Summary of 1954 appropriations compared with 1955 estimates by activities—Continued

	Appropriation, 1954	Adjustments	Adjusted appropriation	Decreases	Subtotal, 1955	Estimate, 1955	Increase (+) or decrease (−) estimate compared with adjusted appropriation	Increase (+) or decrease (−) estimate compared with subtotal, 1955
BUREAU OF RECLAMATION—continued								
Operation and maintenance—Continued								
14. Milk River project, Montana	$1,000		$1,000		$1,000	$1,000		
15. North Platte project, Nebraska-Wyoming	208,200		208,200		208,200	181,000	−$27,200	−$27,200
16. Carlsbad project, New Mexico	3,000		3,000		3,000	3,000		
17. Middle Rio Grande project, New Mexico	65,800		65,800		65,800	180,000	+114,200	+114,200
18. Rio Grande project, New Mexico-Texas	1,070,154		1,070,154		1,070,154	773,672	−296,482	−296,482
19. W. C. Austin project, Oklahoma	2,060		2,060		2,060	2,020	−40	−40
20. Deschutes project, north unit, Oregon	175,200		175,200		175,200	224,076	+48,876	+48,876
21. Klamath project, Oregon-California	291,700		291,700		291,700	400,000	+108,300	+108,300
22. Columbia Basin project, Washington	2,902,200		2,902,200		2,902,200	3,121,000	+218,800	+218,800
23. Yakima project, Washington	485,300		485,300		485,300	525,000	+39,700	+39,700
24. Kendrick project, Wyoming	112,670		112,670		112,670	194,500	+81,830	+81,830
25. Riverton project, Wyoming	115,500		115,500		115,500	127,600	+12,100	+12,100
26. Shoshone project, Wyoming-Montana	168,295		168,295		168,295	184,000	+15,705	+15,705
27. Missouri River Basin and transmission facilities operated for other projects	2,770,233		2,770,233		2,770,233	3,863,902	+1,093,669	+1,093,669
28. Soil and moisture conservation operation	801,500		801,500		801,500	500,000	−301,500	−301,500
Total, operation and maintenance	19,500,000		19,500,000		19,500,000	23,154,000	+3,654,000	+3,654,000
General administrative expenses:								
1. Departmental and Denver offices	2,430,000		2,430,000		2,430,000	2,390,000	−40,000	−40,000
2. Regional offices	2,070,000		2,070,000		2,070,000	1,910,000	−160,000	−160,000
Total, general administrative expenses	4,500,000		4,500,000		4,500,000	4,300,000	−200,000	−200,000
Emergency fund	400,000		400,000	$400,000			−400,000	
Total, Bureau of Reclamation	143,669,660	−$2,500,000	141,169,660	117,169,660	24,000,000	155,292,000	+14,122,340	+131,292,000
GEOLOGICAL SURVEY								
Surveys, investigations, and research:								
1. Topographic surveys and mapping	11,630,000	+1,103,390	12,733,390	443,390	12,290,000	12,290,000	−443,390	
2. Geologic and mineral resource surveys and mapping	6,750,000	−305,950	6,444,040	1,056,040	5,388,000	5,460,000	−984,040	+72,000
3. Water resources investigations	6,950,000	+295,037	7,245,037	420,037	6,825,000	7,025,000	−220,037	+200,000
4. Soil and moisture conservation	100,000		100,000		100,000	100,000		
5. Classification of lands	410,000		410,000		410,000	410,000		

6. Supervision of mining and oil and gas leases	1,200,000	−5,000	1,195,000		1,195,000	1,300,000	+105,000	+105,000
7. General administration	700,000	+55,000	755,000	5,000	750,000	750,000	−5,000	
Total, Geological Survey	27,750,000	+1,132,467	28,882,467	1,924,467	26,958,000	27,335,000	−1,547,467	+377,000
BUREAU OF MINES								
Conservation and development of mineral resources:								
1. Fuels:								
(a) Coal	2,050,000		2,050,000	200,000	1,850,000	1,850,000	−200,000	
(b) Petroleum and natural gas	1,343,356		1,343,356	93,356	1,250,000	1,250,000	−93,356	
(c) Synthetic liquid fuels	4,479,104		4,479,104	380,104	4,099,000	4,099,000	−380,104	
(d) Helium	90,795		90,795	795	90,000	90,000	−795	
2. Minerals and metals:								
(a) Ferrous metals and alloys	2,190,000		2,190,000	197,000	1,993,000	1,993,000	−197,000	
(b) Nonferrous metals	3,660,000		3,660,000	1,135,000	2,525,000	2,525,000	−1,135,000	
(c) Nonmetallic minerals	900,000		900,000	82,000	818,000	818,000	−82,000	
(d) Mineral research, unclassified	860,000	+142,505	1,002,505	177,505	825,000	825,000	−177,505	
3. Control of fires in inactive coal deposits	354,925		354,925	54,925	300,000	300,000	−54,925	
Total, conservation and development of mineral resources	15,928,180	+142,505	16,070,685	2,320,685	13,750,000	13,750,000	−2,320,685	
Health and safety:								
1. Investigation of accidents and rescue work	850,000		850,000		850,000	850,000		
2. Mine inspections and investigations	3,700,000		3,700,000	55,000	3,645,000	3,645,000	−55,000	
3. Explosives and explosions testing and research	510,000		510,000	5,000	505,000	505,000	−5,000	
Total, health and safety	5,060,000		5,060,000	60,000	5,000,000	5,000,000	−60,000	
Construction:								
1. Synthetic liquid fuels	200,000		200,000	200,000			−200,000	
2. New Laboratory facilities	225,000		225,000	225,000			−225,000	
Total, construction	425,000		425,000	425,000			−425,000	
General administrative expenses:								
1. General administrative expenses	1,300,000		1,300,000	50,000	1,250,000	1,250,000	−50,000	
Total, Bureau of Mines	22,713,180	+142,505	22,855,685	2,855,685	20,000,000	20,000,000	−2,855,685	
NATIONAL PARK SERVICE								
Management and protection:								
1. Management of park and other areas	7,005,820		7,005,820		7,005,820	7,803,000	+797,180	+797,180
2. Forestry and fire control	653,400		653,400	14,400	639,000	639,000	−14,400	
3. Soil and moisture conservation	91,200		91,200	41,200	50,000	50,000	−41,200	
4. Park and recreation programs	848,362	+190,000	1,038,362	51,362	987,000	987,000	−51,362	
5. Concessions management	270,768		270,768		270,768	271,000	+232	+232
Total, management and protection	8,869,550	+190,000	9,059,550	106,962	8,952,588	9,750,000	+690,450	+797,412

Summary of 1954 appropriations compared with 1955 estimates by activities—Continued

	Appropriation, 1954	Adjustments	Adjusted appropriation	Decreases	Subtotal, 1955	Estimate, 1955	Increase (+) or decrease (−) estimate compared with adjusted appropriation	Increase (+) or decrease (−) estimate compared with subtotal, 1955
NATIONAL PARK SERVICE—continued								
Maintenance and rehabilitation of physical facilities:								
1. Roads and trails	$4,238,000		$4,238,000		$4,238,000	$4,350,000	+$112,000	+$112,000
2. Buildings, utilities, and other facilities	4,062,000		4,062,000		4,062,000	4,500,000	+438,000	+438,000
Total, maintenance and rehabilitation of physical facilities	8,300,000		8,300,000		8,300,000	8,850,000	+550,000	+550,000
Construction:								
1. Parkways	2,316,300		2,316,300	$2,316,300		425,000	−1,891,300	+425,000
2. Roads and trails	4,010,000		4,010,000	4,010,000		3,800,000	−210,000	+3,800,000
3. Buildings, utilities, and other facilities	4,050,000		4,050,000	4,050,000		4,100,000	+50,000	+4,100,000
4. Acquisition of lands and water rights:								
(a) Lands	3,515,000		3,515,000	3,515,000		250,000	−3,265,000	+250,000
(b) Water rights	25,000		25,000	25,000		25,000		+25,000
Total, construction	13,916,300		13,916,300	13,916,300		8,600,000	−5,316,300	+8,600,000
Construction (liquidation of contract authorization)	1,500,000		1,500,000	1,500,000			−1,500,000	
General administrative expenses:								
1. Departmental expenses	796,765		796,765		796,765	796,765		
2. Regional office expenses	471,235		471,235		471,235	471,235		
Total, general administrative expenses	1,268,000		1,268,000		1,268,000	1,268,000		
Total, National Park Service	33,853,850	+$190,000	34,043,850	15,523,262	18,520,588	28,468,000	−5,575,850	+9,947,412
FISH AND WILDLIFE SERVICE								
Management of resources:								
1. Administration of fish and game laws	1,456,000		1,456,000	137,282	1,318,718	1,484,000	+28,000	+165,282
2. Propagation and distribution of food fishes	2,544,000		2,544,000	114,000	2,430,000	2,700,000	+156,000	+270,000
3. Mammal and bird reservations	1,652,000		1,652,000	652,000	1,000,000	1,000,000	−652,000	
4. River basin studies	300,000	+230,848	530,848	204,848	326,000	398,000	−132,848	+72,000
5. Control of predatory animals and injurious rodents	950,000		950,000	30,000	920,000	920,000	−30,000	
6. Soil and moisture conservation	98,000		98,000		98,000	98,000		
Total, management of resources	7,000,000	+230,848	7,230,848	1,138,130	6,092,718	6,600,000	−630,848	+507,282

Investigations of resources:								
1. Research on fish and fisheries	2,608,000		2,608,000	344,400	2,263,600	2,389,000	−219,000	+125,400
2. Exploration, development, and utilization of fishery resources	1,111,000		1,111,000	78,015	1,032,985	1,108,000	−3,000	+75,015
3. Research on birds and mammals	481,000		481,000	101,007	379,993	380,000	−101,000	+7
4. Research on fish migration over dams	260,000		260,000	110,000	150,000	150,000	−110,000	
Total, investigations of resources	4,460,000		4,460,000	633,422	3,826,578	4,027,000	−433,000	+200,422
Construction:								
1. Fish facilities	283,000		283,000	283,000		225,000	−58,000	+225,000
2. Wildlife facilities	152,600		152,600	152,600		75,000	−77,600	+75,000
Total, construction	435,600		435,600	435,600		300,000	−135,600	+300,000
General administrative expenses:								
1. Departmental expenses	375,000		375,000		375,000	375,000		
2. Regional office expenses	400,000		400,000		400,000	400,000		
Total, general administrative expenses	775,000		775,000		775,000	775,000		
Total, Fish and Wildlife Service	12,670,600	+230,848	12,901,448	2,207,152	10,694,295	11,702,000	−1,199,448	+1,007,704
OFFICE OF TERRITORIES								
Administration of Territories:								
1. Territory of Alaska:								
(a) Governor's office	112,500	−2,000	110,500	15,100	95,400	97,400	−13,100	+2,000
(b) Legislative expenses						48,000	+48,000	+48,000
(c) Care and custody of Alaskan insane	798,600		798,600	14,000	784,600	784,600	−14,000	
2. Territory of Hawaii:								
(a) Governor's office	42,200		42,200	600	41,600	41,600	−600	
(b) Legislative expenses						46,700	+46,700	+46,700
3. Virgin Islands:								
(a) Governor's office	372,000	−40,000	332,000	63,750	268,250	318,000	−14,000	+49,750
(b) Grants to municipalities	745,000		745,000	245,000	500,000	500,000	−245,000	
4. Guam:								
(a) Governor's office	58,500		58,500	5,100	53,400	53,400	−5,100	
(b) Legislative expenses	23,300		23,300		23,300	23,300		
5. American Samoa:								
(a) Governor's office	56,400		56,400		56,400	56,400		
(b) Grants	1,434,000		1,434,000		1,434,000	1,434,000		
(c) Legislative expenses	27,000		27,000		27,000	28,000	+1,000	+1,000
(d) Chief Justice and High Court	32,600		32,600		32,600	32,600		
6. Canton Island administration	17,200		17,200	8,200	9,000	9,000	−8,200	
7. General administration	302,000		302,000		302,000	302,000		
Total, administration of Territories	4,021,300	−42,000	3,979,300	351,750	3,627,550	3,775,000	−204,300	+147,450

Summary of 1954 appropriations compared with 1955 estimates by activities—Continued

	Appropriation, 1954	Adjustments	Adjusted appropriation	Decreases	Subtotal, 1955	Estimate, 1955	Increase (+) or decrease (−) estimate compared with adjusted appropriation	Increase (+) or decrease (−) estimate compared with subtotal, 1955
OFFICE OF TERRITORIES—continued								
Trust Territory of the Pacific Islands:								
1. High Commissioner's Office	$59,000		$59,000		$59,000	$59,000		
2. Judiciary	56,000		56,000		56,000	56,000		
3. Grants	4,185,000		4,185,000		4,185,000	5,710,000	+$1,525,000	+$1,525,000
Total, Trust Territory of the Pacific Islands	4,300,000		4,300,000		4,300,000	5,825,000	+1,525,000	+1,525,000
Alaska public works:								
1. Construction	11,230,000		11,230,000	$11,230,000		4,430,000	−6,800,000	+4,430,000
2. Advance planning	200,000		200,000	200,000			−200,000	
3. Administration	570,000		570,000		570,000	570,000		
Total, Alaska public works	12,000,000		12,000,000	11,430,000	570,000	5,000,000	−7,000,000	+4,430,000
Construction of roads, Alaska:								
1. Preparation of plans	550,000		550,000	550,000		300,000	−250,000	+300,000
2. Construction in progress	13,000,000		13,000,000	13,000,000		8,840,000	−4,160,000	+8,840,000
3. Reconstruction	800,000		800,000	800,000		800,000		+800,000
4. New construction	250,000		250,000	250,000			−250,000	
Total, construction of roads, Alaska	14,600,000		14,600,000	14,600,000		9,940,000	−4,660,000	+9,940,000
Operation and maintenance of roads, Alaska:								
1. Major roads	1,794,130		1,794,130		1,794,130	2,150,000	+355,870	+355,870
2. Local and feeder roads	1,155,870		1,155,870		1,155,870	1,300,000	+144,130	+144,130
3. Shop facilities	50,000		50,000		50,000	50,000		
Total, operation and maintenance of roads, Alaska	3,000,000		3,000,000		3,000,000	3,500,000	+500,000	+500,000
Virgin Islands public works:								
1. Construction of projects	1,011,450		1,011,450	1,011,450		804,350	−207,100	+804,350
2. Administration	88,550		88,550	2,900	85,650	85,650	−2,900	
Total, Virgin Islands public works	1,100,000		1,100,000	1,014,350	85,650	890,000	−210,000	+804,350

Construction, Alaska Railroad:								
1. Construction	4,215,000		4,215,000	4,215,000		11,994,000	+7,779,000	+11,994,000
Total, Office of Territories	43,236,300	−$42,000	43,194,300	31,611,100	11,583,200	40,924,000	−2,270,300	+29,340,800
ADMINISTRATION, DEPARTMENT OF THE INTERIOR								
Salaries and expenses:								
1. Departmental direction	284,674		284,674		284,674	284,674		
2. Program direction and coordination	660,000	+27,300	687,300	22,300	665,000	665,000	−22,300	
3. Administrative management services	958,193		958,193		958,193	958,193		
4. Legal services	325,847		325,847		325,847	325,847		
5. General services	96,286		96,286		96,286	96,286		
Total, salaries and expenses	2,325,000	+27,300	2,352,300	22,300	2,330,000	2,330,000	−22,300	
VIRGIN ISLANDS CORPORATION								
Grants, Virgin Islands Corporation	1,080,000		1,080,000	408,000	672,000	682,000	−398,000	+10,000
Revolving fund, Virgin Islands Corporation	1,028,000		1,028,000	1,028,000			−1,028,000	
Total, Virgin Islands Corporation	2,108,000		2,108,000	1,436,000	672,000	682,000	−1,426,000	+10,000
Grand total, Department of the Interior	434,603,550	+467,204	435,070,748	234,138,504	200,932,250	422,043,430	−13,027,324	+221,111,180

Total compensated employment in the Department of Interior, November 1953 [1]

	Grand total	Total WOC employees	Total compensated personnel	Inside District of Columbia				Outside District of Columbia				Employees in military service
				Total	Salaried	Wage	Miscellaneous	Total	Salaried	Wage	Miscellaneous	
Office of the Secretary	606	2	604	580	532	37	11	24	23		1	4
Bureau of Land Management	2,085	582	1,503	232	231	1		1,271	1,147	76	48	12
Bureau of Indian Affairs	13,152	10	13,142	296	289		7	12,846	9,471	3,058	317	101
Bureau of Reclamation	10,929		10,929	280	279		1	10,649	8,177	2,272	200	300
Geological Survey	7,494		7,494	2,006	1,808	122	76	5,488	5,011	74	403	111
Bureau of Mines	4,903	58	4,845	862	779	15	68	3,983	2,840	979	164	61
National Park Service	3,362	136	3,226	266	266			2,960	1,613	835	512	10
National Capital Parks	375		375	350	279	70	1	25	7	18		2
Fish and Wildlife Service	5,335	1,991	3,344	399	392	1	6	2,945	2,372	351	222	17
Office of Territories	79	1	78	67	66		1	11	9		2	
Governor of Alaska	9		9					9	8		1	
Alaska Railroad	1,814		1,814					1,814		1,814		
Alaska Road Commission	577		577	2	2			575	218	357		8
Governor of Hawaii	4		4					4	3		1	
Puerto Rico Reconstruction	258		258					258	155		103	1
Government in the Virgin Islands	68		68					68	45	17	6	1
Virgin Islands Corporation	652		652					652	130	522		
Government of Guam	4		4					4	4			
Government of American Samoa	6		6					6	6			
Trust Territories of the Pacific Islands	236		236					236	198	37	1	
Alaska Public Works	41		41					41	40		1	1
Bonneville Power Administration	2,754		2,754	6	6			2,748	1,652	1,096		43
Southwestern Power Administration	227		227	3	3			224	155	69		
Commission of Fine Arts	9	7	2	2	2							
Southeastern Power Administration	50		50					50	50			1
Petroleum administration for Defense	62	10	52	51	51			1	1			
Defense Solid Fuels Administration	6		6	6	6							
Defense Minerals Exploration Administration	57		57	51	51			6	5		1	
Total	55,154	2,797	52,357	5,459	5,042	246	171	46,898	33,304	11,575	1,983	673

[1] This does not include 602 employees of the National Capital Parks paid from funds appropriated in the District of Columbia Appropriation Act. Includes 5,978 employees outside continental United States.

Comparison of Federal civilian employment—Nov. 30, 1952, and Nov. 30, 1953

Bureau or office	Nov. 30, 1952			Nov. 30, 1953			Change (+) or (−)		
	Full-time employees	Part-time and intermittent employees	Total	Full-time employees	Part-time and intermittent employees	Total	Full-time employees	Part-time and intermittent employees	Total
Office of the Secretary	627	16	643	592	12	604	−35	−4	−39
Southeastern Power Administration	68	9	77	50		50	−18	−9	−27
Southwestern Power Administration	272		272	227		227	−45		−45
Commission of Fine Arts	2		2	2		2			
Bonneville Power Administration	3,296		3,296	2,754		2,754	−542		−542
Bureau of Land Management	1,454	40	1,494	1,455	48	1,503	+1	+8	+9
Bureau of Indian Affairs	12,492	420	12,912	12,818	324	13,142	+326	−96	+230
Bureau of Reclamation	13,363	193	13,556	10,728	201	10,929	−2,635	+8	−2,627
Geological Survey	7,045	609	7,654	7,015	479	7,494	−30	−130	−160
Bureau of Mines	4,940	175	5,115	4,613	232	4,845	−327	+57	−270
National Park Service	3,164	284	3,448	3,088	513	3,601	−76	+229	+153
Fish and Wildlife Service	3,173	204	3,377	3,116	228	3,344	−57	+24	−33
Office of Territories	4,019	18	4,037	3,631	116	3,747	−388	+98	−290
Defense Electric Power Administration	97		97				−97		−97
Petroleum Administration for Defense	238	2	240	52		52	−186	−2	−188
Defense Solid Fuels Administration	47	3	50	6		6	−41	−3	−44
Defense Minerals Exploration Administration	56	1	57	56	1	57			
Defense Fisheries Administration	9	1	10				−9	−1	−10
Total, Department of the Interior	54,362	1,975	56,337	50,203	2,154	52,357	−4,159	+179	−3,980

WEDNESDAY, JANUARY 20, 1954.

OFFICE OF THE SECRETARY

ENFORCEMENT OF CONNALLY HOT OIL ACT

WITNESSES

FELIX E. WORMSER, ASSISTANT SECRETARY FOR MINERAL RESOURCES
H. A. STEWART, ACTING DIRECTOR, OIL AND GAS DIVISION
EDWARD B. SWANSON, ASSISTANT DIRECTOR, OIL AND GAS DIVISION

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$187,000	$150,000	$150,000
Unobligated balance, estimated savings	−11,672		
Obligations incurred	175,328	150,000	150,000

Obligations by activities

Enforcement of the Connally Hot Oil Act:

1953	$175,328
1954	150,000
1955	150,000

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Total number of permanent positions	31	24	24
Average number of all employees	31	24	24
Average salaries and grades:			
General schedule grades:			
Average salary	$5,468	$5,721	$5,764
Average grade	GS–8.1	GS–7.8	GS–8.0
01 Personal services:			
Permanent positions	$157,574	$133,285	$133,279
Regular pay in excess of 52-week base	637	515	521
Total personal services	158,211	133,800	133,800
02 Travel	5,513	6,550	6,500
03 Transportation of things	179	300	300
04 Communication services	1,060	1,350	1,400
05 Rents and utility services	36	50	50
06 Printing and reproduction	2,122	1,850	1,850
07 Other contractual services	2,333	2,600	2,600
08 Supplies and materials	4,508	3,000	3,000
09 Equipment	1,366	500	500
Obligations incurred	175,328	150,000	150,000

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year	$14,639	$14,631	$12,631
Adjustment in obligations of prior years	463		
Obligations incurred during the year	175,328	150,000	150,000
	190,430	164,631	162,631
Deduct:			
Obligated balance carried to certified claims account	234		
Unliquidated obligations, end of year	14,631	12,631	12,631
Total expenditures	175,565	152,000	150,000
Expenditures are distributed as follows:			
Out of current authorizations	160,757	137,500	139,000
Out of prior authorizations	14,808	14,500	11,000

Mr. JENSEN. The committee has before it this morning the officials in charge of the enforcement of the Connally Hot Oil Act. Mr. Stewart, do you have a statement?

Mr. STEWART. Yes; I have a prepared statement which I would like to submit. It is a short statement, and I would like to read it.

Mr. JENSEN. All right.

GENERAL STATEMENT

Mr. STEWART. My name is H. A. Stewart. I am Acting Director of the Oil and Gas Division, Office of the Secretary.

The conservation of oil and gas, by which we mean the prevention of waste in their production, is a permanent and important policy objective which has been adopted by most of our important oil-producing States. It is a policy which has the support of the Federal Government, because such a policy is essential to the development and maintenance of adequate oil supplies to meet the needs of our people. It is through the adoption and implementation of this policy that there has been built up in the United States a foundation of oil-productive capacity which will protect us against shortages in times of peace, mobilization, or conflict.

The adoption of this policy has brought about a big change, since the twenties and early thirties, in our oil-producing methods. Waste then was a common denominator; waste of materials, waste of manpower, and waste of oil. There was either feast or famine; too much or too little oil. Costs were high because of the overexpenditure of materials and effort in laying pipelines which could be used only during the short period of flush production; in hurried and careless drilling; in building tanks to hold surplus oil, or open pits into which the oil could be poured. Wide-open flow practices wasted gas and reduced reservoir pressures prematurely, so that the recoveries of oil were low and much oil was left underground.

It is doubtful if we could have fought the Second World War and survived its aftermath as well as we did if we had not had the surety and abundance of oil which was brought forth under this policy of conservation. We could not have done it if the leading oil-producing States had not fostered the use of modern engineering methods in the production of oil and done so while there was still time to do it effectively.

It is important that the Federal Government continue to support the States in the adoption and application of this policy of oil and gas conservation, as is now done through the Connally Act. That act was adopted as permanent legislation by the Congress so as to prevent the use of the facilities of interstate commerce in the shipment of contraband oil, that oil which had been produced in violation of the applicable rules and regulations of the established State authority. If this Federal support were removed or withheld, the facilities of interstate commerce would again be open for use by those who might choose to gain an advantage by ignoring and violating the State rules. That was the loophole which existed before the enactment of the Connally Act. It is a loophole which should not be returned.

The small staff of examiners and other employees is divided among the four offices at Kilgore, Midland, and Houston, Tex., and Lafayette, La.

The amount requested for the coming fiscal year is the same as that made available for the current year.

ENFORCEMENT STATISTICS

Mr. JENSEN. Mr. Stewart, will you insert in the record a table like the one you inserted last year, showing the number of inspections, interviews, violations and fines paid, for each of the last 5 years?

Mr. SWANSON. I have it here, for 3 years. I did not know you wanted 5 years.

Mr. JENSEN. That is sufficient.

(The information is as follows:)

Connally Act enforcement

	July-November 1951	July-November 1952	July-November 1953
Number of leases gaged, checked, inspected, or visited	3,895	3,068	2,723
Number of fields visited	245	191	197
Number of interviews:			
Field	369	367	322
Criminal	163	201	169
	Fiscal 1952	Fiscal 1953	Fiscal 1954 (to date)
Cases concluded:			
Number	10	9	2
Fines	$38,930	$70,150	$10,400

Total to date: $811,560.

Mr. JENSEN. We are pleased to have with us this morning Mr. Felix E. Wormser, Assistant Secretary of the Interior. Mr. Wormser, is there any statement you care to make?

Mr. WORMSER. Mr. Jensen, I have no formal statement other than to express orally to you my pleasure at being here and to offer the utmost cooperation of the Department in facilitating the solution of the many difficult problems you have in deciding the proper appropriations for our various activities.

Mr. JENSEN. Were you before the committee last year?

Mr. WORMSER. This is my first appearance, Mr. Jensen.

Mr. JENSEN. Would you state for the record a little background of your life? We always ask that.

Mr. WORMSER. I would be delighted to.

Mr. JENSEN. It can be short. What did you do before you came into the Department, and what are your responsibilities now?

BIOGRAPHICAL SKETCH OF SECRETARY WORMSER

Mr. WORMSER. Mr. Chairman, I was born in Santa Barbara, Calif. I was educated at Columbia University. I am a graduate of the School of Mines.

I spent many years actively in mining in the West.

Then I ultimately became an employee of the McGraw-Hill Co.

Then I gravitated from that into the secretaryship of the Lead Industry's Association, representing nearly all the lead mining and smelting and fabricating companies.

From that I became vice president of the St. Joseph Lead Co.

I was requested by the President and some others to come down here and join the administration last year. So I resigned from the company and I have been down here ever since last April, Mr. Chairman, as Assistant Secretary of the Department of the Interior in charge of mineral resources, which, of course, you know, has charge of the Bureau of Mines, the Geological Survey, the Oil and Gas Division, and some the defense agencies such as the Defense Minerals Exploration Administration, the Defense Solid Fuels Administration, and the Division of Geography.

That is a thumbnail sketch, Mr. Jensen. I would be glad to fill in anything you wish.

I am reminded by Mr. Swanson that I am really an alumnus of the Bureau of Mines. I had a year's training with the Bureau of Mines after I got out of World War I, where I worked back in 1919. I am also reminded that I was once a United States mineral surveyor. It was so long ago that I had forgotten about it.

Mr. JENSEN. Thank you, Mr. Wormser.

CONDITION OF DOMESTIC MINING INDUSTRY

Mr. BUDGE. Mr. Chairman, I should like to state that one of the sickest industries in the United States is the domestic mining industry. We in the West are gratified to have a man of Mr. Wormser's experience and capabilities looking toward sound help for our domestic mining industry, which, as the Assistant Secretary knows, is in very bad shape.

Mr. WORMSER. May I comment on that, Mr. Chairman, very briefly?

Mr. JENSEN. Yes.

Mr. WORMSER. We are very conscious of that situation, Mr. Budge. We are devoting an enormous amount of time trying to find a solution which is in the public interest and which will be a cure for some time to come of these difficulties of the western lead miners and zinc miners.

Of course, we also have another unfortunate situation in coal, as coal mining is rather depressed, as you may have read.

All of these problems are of great concern to the Secretary. We are all devoting a lot of time and effort to finding the solution.

STATE ENFORCEMENT OF CONNALLY ACT

Mr. JENSEN. Has any further thought been given to leaving enforcement in the hands of the States, with possibly some review of their work by Federal personnel?

Mr. STEWART. It does not seem quite possible to turn all of the enforcement over to the States, and take away from them the protection that they get from the small Connally Act staff. For all practical purposes the staff that we have now is so small that it is not much more than barely a supporting staff for the activities of the States. In the past year in actual practice that is what has been done.

PERSONNEL

Mr. JENSEN. I note you are asking for exactly the same amount for fiscal 1955 as you received in fiscal 1954.

Mr. STEWART. Yes.

Mr. JENSEN. Are you asking for about the same personnel as you have in the fiscal year 1954?

Mr. STEWART. The appropriation granted us in fiscal 1954 was a reduced amount from our original budget request of $187,000, and the revised budget request of $175,000, and we were forced to reduce the staff to accommodate that cut in funds. The staff and funds that we are requesting for the coming fiscal year are exactly what we have worked with during this year.

PROSECUTIONS BY STATE AUTHORITIES

Mr. JENSEN. Are statistics available showing the numbers of violations picked up and prosecuted by State authorities?

Mr. STEWART. I would have to let Mr. Swanson talk on that.

Mr. SWANSON. There are no statistics on that, sir; but I could say that there is a wide variation in the practice in that respect as among the various States which are involved in the enforcement of the Connally Act.

The States that are directly affected, as you know, are New Mexico, Texas, Oklahoma, Kansas, Arkansas, Louisiana, Mississippi, and Alabama to some extent. Of these Mississippi has been quite active in prosecutions under the State act. From that there have been various gradations down. The number is not large in any State.

Mr. JENSEN. Your department has the complete cooperation of the States?

Mr. SWANSON. Very complete. In some instances the States would inform our staff of the violations which might have been encountered by their staff, and we have worked directly with them. I know of no instance in which there is anything contrary to that. I know of nothing but the fullest cooperation on both sides.

Mr. KIRWAN. Mr. Swanson, did I understand you to say you have no record of violations or prosecutions?

Mr. SWANSON. By the States.

Mr. KIRWAN. What is that?

Mr. SWANSON. These are prosecutions by State agencies.

Mr. KIRWAN. Has the Federal Government any record?

Mr. SWANSON. We have full records of our own prosecutions.

Mr. KIRWAN. Would it not be a good idea if you could get that information from the States? Could you not get the States to tell you what they are doing?

When Mr. Stewart was reading he said that we probably could not have won the Second World War without the Connally Act. If you stop and think, Europe did a pretty fair job of putting us out of business.

Mr. SWANSON. We know what the States are doing, sir, but we have not attempted to keep any record.

Mr. KIRWAN. I think for this committee it would be a good thing if you did. If you need more personnel, if you would have to put another man on to do it, it would be very a good thing for us. This committee would then be enlightened as to what the States are doing and what we are doing.

Mr. Stewart's statement pointed out that we would not have won World War II with all of the $300 billion we spent without this work.

Yet, we come down to now, and there is no full record kept of enforcement.

If the Connally Act is doing such a good job, then we should know about it. If it takes 2 or 3 men to keep track of that, then I am in favor of appropriating the funds so that we will have all the information.

Mr. SWANSON. If the committee wishes I would be glad to send instructions down to the field on that.

Mr. KIRWAN. Yes; I would like to have it. I am not trying to cut your funds. I am only telling you this for your own benefit.

Mr. SWANSON. I will ask them to keep a record.

Mr. KIRWAN. If it means another man or employee down there, I am for it; but let us know what the Connally Act is doing.

Mr. JENSEN. You want to make that request that they submit the information?

Mr. SWANSON. I will ask this, sir, if this is what the committee wants: I will ask them to begin now to assemble this information and present an annual statement to the committee on this subject.

Mr. JENSEN. That is what you would like, is it not, Mr. Kirwan?

Mr. KIRWAN. Yes. If it takes a man or two that is all right.

Mr. Stewart said that they did a great job, and I am not arguing with him or anybody else about what they did during the war. He said if it had not been for the enforcement of the Connally Act we probably could not have won the Second World War. Since we spent $300 billion during that war, we should have at our fingertips the information on just what this Connally Act did, so far as both the Federal Government and the States are concerned.

Mr. SWANSON. Yes, sir.

FEDERAL TENDER BOARD

Mr. JENSEN. The committee has received a few letters from individuals in which they question the need for a Federal enforcement program.

We have a letter here from the National Oil Marketers Association, National Press Building, Washington, D. C. This is addressed to Hon. John Taber, chairman of the House Appropriations Committee, House of Representatives.

DEAR CONGRESSMAN TABER: Your attention is invited to the enclosed copy of resolution No. 1 adopted at the last convention of this association; and, particularly, to recommendations Nos. 2 and 4.

While your committee cannot take any action to repeal the Connally Act it could save the Government some money by abolishing the Tender Board or Boards established through the Bureau of Mines of the Department of the Interior.

What is the Tender Board or Boards?

Mr. SWANSON. The Federal Tender Board was established under the Connally Act first in 1935 at a time when the east Texas oilfield was running rather rampant, and it was required at that time that a certificate of clearance be issued by the Board before a shipment of oil could be made from the east Texas field.

With the passage of time the need for such tender diminished, and in 1942 the regulations were so changed as to no longer require the issuance of a tender for the movement of oil from the east Texas field.

However, we decided—and when I say "we" I mean those in charge of the Connally Act—that it would still be advisable to maintain a board, because actions under the Connally Act can lead to prosecution, and it was felt desirable that no action should be initiated there which would lead to prosecution unless it represented the joint action of a group of men making up the Board.

Originally the Board consisted of the chairman and two members. Now it consists of a chairman and a member, with an alternate member stationed at Midland.

The purpose of that was, as I said, that there would be no possibility that there might be any personal feelings brought into it or any individual actions, so that it would require a board action before a prosecution could be initiated. It was felt that thus the possibility of personal animosity or action would be eliminated.

In effect the thing operates as a sort of field superintendent and assistant superintendent. This has no connection with the Bureau of Mines. This is an administrative organization in the field which is in charge of the examiners in charge of the three suboffices.

The elimination of the Board, so called, would eliminate the chief and assistant chief in the field and leave the other offices without any supervision.

Mr. JENSEN. Thank you, Mr. Swanson.

This letter from the National Oil Marketers Association should receive our consideration, since it is a national organization. I must say, however, that I am not acquainted with anyone in the organization.

Mr. SWANSON. We are.

Mr. STEWART. With one man.

Mr. SWANSON. We know Mr. Paul Hadlick.

Mr. JENSEN. This letter is signed by Jack Coughlin, secretary.

I shall submit this letter and resolutions passed at their national convention for the record.

(The information is as follows:)

NATIONAL OIL MARKETERS ASSOCIATION, INC.,
Washington 4, D. C., December 29, 1953.

The Honorable JOHN TABER,
Chairman, House Appropriations Committee,
House of Representatives, Washington 25, D. C.

DEAR CONGRESSMAN TABER: Your attention is invited to the enclosed copy of resolution No. 1 adopted at the last convention of this association; and, particularly to recommendations Nos. 2 and 4.

While your committee cannot take any action to repeal the Connally Act it could save the Government some money by abolishing the Tender Board or Boards established through the Bureau of Mines of the Department of the Interior.

Likewise money could be saved by putting a stop to the issuance of the forecasts of petroleum demand put out monthly by the Bureau of Mines. Your attention is invited to the report of your committee on the Interior Department appropriation bill, 1948, being House Report No. 279, 80th Congress, 1st session. Therein (p. 9) the purpose of these forecasts is stated to be:

"Its service to industry is to provide information which industry cannot get itself without violating the antitrust laws."

Don't you agree that an end should be put to Federal activity which aids in circumventing the antitrust laws?

Thanking you, I am,

Sincerely,

JACK COUGHLIN, *Secretary.*

RESOLUTION NO. 1, OIL PRODUCTION CONTROLS

Whereas the National Oil Marketers Association opposes control of legitimate business by Government, believes in the free enterprise system under which our country has been built, and favors the return of Government to the principles of the Founding Fathers by enacting only such laws as set the rules of conduct for all and repeal of such laws as place Government in the position of owning, controlling or attempting to plan or manage business; and

Whereas existing laws, decrees, orders and activities of the Federal and State governments in planning, controlling and limiting the production of petroleum have resulted in the monopoly of such industry by an organized group of integrated oil companies; have failed to protect the consumer from inordinately high prices; have eliminated a free and competitive market in the purchase and sale of petroleum products; have seriously injured thousands of nonintegrated units in the petroleum industry, and thus threatens even further Government control of the oil industry: Now, therefore, be it

Resolved by the National Oil Marketers Association in meeting assembled at Chicago, Ill., this 11th day of November 1953, That, 1. State oil proration laws whereby the production of crude oil is controlled, regulated, and even prohibited at times so as to limit its production to or below market demand, be repealed and that true conservation statutes be enacted.

2. The Connally Act whereby crude oil produced in excess of State production orders is prohibited entrance into interstate commerce, be repealed by the Congress of the United States.

3. The congressional approval of the interstate oil compact whereby the oil-producing States, with the assistance of the large integrated oil companies, endeavor to limit the total production of oil-producing States (and perhaps foreign countries) to or below market demand, be repealed.

4. That appropriations for the issuance of monthly forecasts of market demand for petroleum products, issued by the Bureau of Mines of the Department of the Interior, be withheld by the Congress.

Mr. JENSEN. Thank you, gentlemen.

WEDNESDAY, JANUARY 20, 1954.

OIL AND GAS DIVISION

WITNESSES

H. A. STEWART, ACTING DIRECTOR, OIL AND GAS DIVISION
J. A. LA FORTUNE, DEPUTY ADMINISTRATOR, PETROLEUM ADMINISTRATION FOR DEFENSE
COL. GUS H. MONTGOMERY, ACTING STAFF DIRECTOR, PETROLEUM LOGISTICS DIVISION, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (SUPPLY AND LOGISTICS)

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate (obligations incurred)			$300,000
Comparative transfer from "Salaries and expenses, defense production activities, Interior"	$1,574,817	$447,500	
Total obligations	1,574,817	447,500	300,000

Obligations by activities

Coordination of oil and gas activities:	
1953	$1,574,817
1954	447,500
1955	300,000

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Total number of permanent positions	301	76	36
Full-time equivalent of all other positions			1
Average number of all employees	236	60	35
Average salaries and grades:			
General schedule grades:			
Average salary	$6,198	$6,861	$7,478
Average grade	GS-9.1	GS-9.9	GS-10.3
Crafts, protective, and custodial grades:			
Average salary	$2,742	$3,070	$3,230
Average grade	CPC-3.3	CPC-4.0	CPC-4.0
01 Personal services:			
Permanent positions	$1,428,948	$404,900	$247,786
Other positions	2,504	1,000	10,000
Regular pay in excess of 52-week base	5,517	1,600	950
Payment above basic rates	5,923		
Total personal services	1,442,892	407,500	258,736
02 Travel	30,143	10,000	12,000
03 Transportation of things	276	500	300
04 Communication services	27,929	12,000	7,500
05 Rents and utility services	361	100	100
06 Printing and reproduction	21,942	6,000	2,000
07 Other contractual services	31,328	8,150	16,500
08 Supplies and materials	14,054	2,500	2,500
15 Taxes and assessments	5,892	750	364
Total obligations	1,574,817	447,500	300,000

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Obligations incurred during the year			$300,000
Deduct unliquidated obligations, end of year			30,000
Total expenditures (out of current authorizations)			270,000

Mr. JENSEN. You are the head of the Oil and Gas Division, are you not, Mr. Stewart?

Mr. STEWART. I am Assistant Deputy Administrator of the Petroleum Administration for Defense. I am Acting Director, of course, of the Oil and Gas Division. As Acting Director I have taken the lead in preparing and submitting a budget for next fiscal year, on the assumption that the Petroleum Administration for Defense would be terminated during the last half of this fiscal year and to continue the work necessary an Oil and Gas Division would be required to carry on.

Now, in connection with that Mr. LaFortune, who is Deputy Administrator of the Petroleum Administration, is here and has a statement which I am sure he would like to read.

Mr. JENSEN. Mr. LaFortune.

GENERAL STATEMENTS

Mr. LAFORTUNE. I am Joseph A. LaFortune, Deputy Administrator of the Petroleum Administration for Defense since July 1, 1953. I came to the Government service from the Warren Petroleum Corp., where I was vice chairman of the board, after spending 30 years in the service of the company. That company specializes in the manufacture of natural gasoline and liquefied petroleum gases and is independent.

In my service as Deputy Administrator I have seen the completion of most of the immediate defense problems which this country had to deal with in oil and gas. Of these, the supply of high octane aviation gasoline for the military has been one of the most troublesome. The supply problem started with the Communist onslaught in Korea and became greater with the acceleration of our military aviation program. During recent months, since the truce in Korea, the supply of aviation fuels has reached a level sufficient to meet all military requirements and still provide for normal commercial aviation. What is equally important, the program for expansion of refining facilities for the manufacture of high octane aviation fuels is approaching the goal set as a safe objective to meet all emergency requirements. Much of the expansion is complete. Some is still in the planning or construction stage. There has been a similar large expansion in other segments of the oil and gas industries, with the result that all current requirements are being satisfactorily met, together with some reserve capacity. The reserve capacity has not yet reached the mobilization goals set, but satisfactory progress is being made on the individual projects involved.

We are now so well advanced toward our petroleum and gas mobilization goals that it appears that we can very shortly liquidate the defense agency—the Petroleum Administration for Defense—and transfer any remaining functions to the Oil and Gas Division of the Department of the Interior.

Responsibilities under the Defense Production Act delegated to the Secretary of the Interior will carry on beyond the termination of the Petroleum Administration for Defense, and these responsibilities with respect to oil and gas will be assumed by the Oil and Gas Division. Among these responsibilities will be continued review of the progress toward meeting the oil and gas defense mobilization goals and to assure a sufficient reserve capacity to meet the ever-changing mobilization requirements. This review must cover the worldwide situation as well as the domestic situation. The military must have a constant flow of accurate, sound, and up-to-date advice and information on which to do its strategic planning.

The Office of Defense Mobilization must have similar information to assure that the broad security plans of the Office of Defense Mobilization and of the National Security Council have a sound foundation. The Secretary of the Interior has been informed by the Office of Defense Mobilization that the present responsibilities of the Petroleum Administration for Defense must be carried on after the Petroleum Administration for Defense is liquidated. The Secretary plans to do this through the Oil and Gas Division.

Under the global situation which faces this country, the North Atlantic Treaty Organization is an important factor in our national defense. NATO has a Petroleum Planning Committee on which the representative of the United States has been an official of the Petroleum Administration for Defense, who also chairmanned the working group made up of representatives of six nations, which furnished the basic data for the Petroleum Planning Committee's plans and policies. It is important that the United States maintain this qualified petroleum representation and it should be continued by the Oil and Gas Division.

These are the highlights of the remaining oil and gas defense responsibilities which need to be continued. There are of course peacetime functions of the Oil and Gas Division, which I have not gone into.

The Oil and Gas Division proposed is not large but will be made up of highly qualified technical experts in all of the major phases of oil and gas operations, which include production, refining, transportation and storage, both domestic and foreign. This small staff in itself cannot prepare and provide all of the oil and gas data required by the Federal Government on such indispensable necessities in our economy and modernized warfare. Experience has proven that such a small staff of highly technical experts can furnish effective liaison on oil and gas problems between the various agencies of Government, between the Government and State bodies, and with the oil and gas industries. This liaison will provide the Government with sound information for its planning and will provide a ready means of mobilizing the oil and gas industries to meet any national emergency.

In view of the international situation and the criticality of oil and gas, I earnestly urge full support of the $300,000 budget for this small but extremely important oil and gas organization that has saved our Government many times that amount each year that it has been in operation.

I have given you my own opinion on the need for an Oil and Gas Division in the Department of the Interior, and I thought it might be of value to your committee to have an expression from the Department of Defense on the advice and assistance which that Department will need and expect from the Oil and Gas Division. With your permission I would like to introduce Col. G. H. Montgomery, who is here today.

Mr. JENSEN. Colonel Montgomery, do you have a statement?

Colonel MONTGOMERY. Yes, sir; I have an oral statement.

Mr. JENSEN. You may proceed.

Colonel MONTGOMERY. I am Col. Gus H. Montgomery, the Acting Staff Director of the Petroleum Logistics Division of the Assistant Secretary of Defense's Office for Supply and Logistics.

With the dissolution of the Petroleum Administration for Defense the Department of Defense will have to look elsewhere for technical advice and assistance with respect to current and mobilization petroleum problems, which for the past 3½ years has been furnished by that agency.

The Department of Defense will continue to require the type of advice and information that during its existence has been furnished by the Petroleum Administration for Defense.

The Secretary of Defense has recommended to the Secretary of the Interior that the Military Petroleum Advisory Board be reactivated and that the Foreign Petroleum Supply Committee be continued. These organizations, comprised of representative experts of the petroleum industry, will provide an industrywide contact for obtaining data and recommendations that will be needed to properly evaluate the petroleum feasibility of strategic and logistic plans developed by the joint staff and the three military departments.

However, these organizations will meet only a few times each year and will have no permanent working staff. Therefore, as important as these organizations will be they will not provide the day-to-day source of petroleum technical information and advice which is neces-

sary for dealing with problems arising from current petroleum programs of the Department of Defense. In order to provide such information and to supplement the Military Petroleum Advisory Board and the Foreign Petroleum Supply Committee and to serve as a working staff to assist the Secretary of the Interior in distributing his assigned petroleum responsibilities under Executive Order 10161 pursuant to the Defense Production Act of 1950 as amended the Secretary of the Interior is planning to reactivate the Oil and Gas Division within the Department of the Interior.

The Department of Defense considers the reestablishment at this time of the Oil and Gas Division a logical development, and an essential continuing source for petroleum information necessary to the Department of Defense.

FUNCTIONS OF THE DIVISION

Mr. JENSEN. Is the Oil and Gas Division performing any functions which were not performed by the old Oil and Gas Division prior to 1951?

Mr. STEWART. Yes. We will carry on the worldwide supply-demand studies which are now so essential in the military planning. We also will have to carry on the remaining functions under the delegation to the Secretary of the Interior under the Defense Production Act with respect to oil and gas. They include a wide variety of problems.

One item is the matter of recommendations on applications for Certificates of Accelerated Tax Amortization. We have to maintain a small staff to carry that on.

That job does not come directly through the Defense Production Act. The legislation basically is in the Revenue Act. So long as that incentive is provided for industry we will have to provide some staff to take care of it.

Then we have a variety of other jobs coming out of requests from the Office of Defense Mobilization.

Now, Mr. Chairman, I have a short statement here on the continuing functions of the Oil and Gas Division, which I think will encompass most of the important things you have in mind.

Mr. JENSEN. Very well.

Mr. STEWART. There has been submitted to your committee the budget request of the Department of the Interior for the fiscal year 1955, which includes an item of $300,000 for coordination of oil and gas activities through the Oil and Gas Division, excluding allowance for enforcement of the Connally hot oil law, which is covered by a separate item. The budget request sets out in detail justification for the Oil and Gas Division and its various operations. This statement sets out only the more important functions and responsibilities of the Division.

The long-term petroleum and gas security functions of the Oil and Gas Division were transferred to the Petroleum Administration for Defense, which carried on these functions and responsibilities during the critical period of the defense mobilization expansion brought about by the Korean conflict. The Petroleum Administration for Defense had, in addition, many short-term responsibilities and functions, the most important of which were the allocation of controlled materials under the Defense Production Act, and actions taken to assure an

adequate supply of high-octane aviation gasoline, other petroleum products, and gas, to meet the military requirements.

The Petroleum Administration for Defense encouraged and supervised the expansion of facilities for oil and gas to meet defense mobilization goals. This expansion is well underway.

With the completion of some of the short-term responsibilities, and the excellent progress made toward the expansion goals, it will be possible to terminate the Petroleum Administration for Defense in the near future.

Oil and gas are major factors in the fuel and energy supply of our modern economy and are critical necessities in national defense. Therefore, productive capacity must be maintained at a sufficiently high level to insure not only ample supplies to meet the normal peacetime requirements, but to have a margin of reserve capacity to meet defense needs under any emergency.

To assure petroleum and gas security, there must be a peacetime agency to continue long-range oil and gas security planning, to continue supervision of expansion work for oil and gas capacity initiated by the Petroleum Administration for Defense, to review present goals and to establish new goals as required by changing conditions.

The Oil and Gas Division, required to discharge the responsibilities, will be made up of a small group of highly qualified experts in the various phases of the oil and gas industries operations, including production, transportation and storage, refining and processing, and distribution. This staff must take over, in an orderly transition, all of the remaining defense agency functions, as well as continue its normal long-term functions. Among the more important functions is the maintenance of continuous studies of the availability of petroleum, gas and products, both at home and abroad. These must include oil and gas field productive capacity, adequacy of pipelines, tankers, tank cars, barges, and other facilities for transportation, capacity of refineries, the availability of products from these refineries in the volumes and types of product which may be required.

These experts must make domestic and worldwide supply-demand studies, both for peacetime and for potential wartime. They must assist the military, the Office of Defense Mobilization, and the National Security Council in the security planning of this Nation and of the friendly foreign nations. When actual or potential deficiencies in supply are identified, measures must be taken to prevent or alleviate the deficiencies.

This staff must make worldwide supply-demand surveys for petroleum planning of the North Atlantic Treaty Organization. It will provide United States representation on the NATO Petroleum Planning Committee and will chairman the working group which provides the basis for the Petroleum Planning Committee's plans and policies.

The staff will provide accurate and timely information and advice to all other Government agencies concerned with oil and gas matters or affected thereby. These include committees of Congress, the Department of State, the Department of Defense, the Department of Commerce, Foreign Operations Administration, and all other Government agencies having need for information and advice.

The responsibilities assumed by the Oil and Gas Division are great; the proposed staff is small. This staff of highly qualified experts will, however, be able to render effective service to the Government through the close Government-industry cooperation and liaison provided by such bodies as the National Petroleum Council, Military Petroleum Advisory Board, Gas Industry Advisory Council, and the Foreign Petroleum Supply Committee. These bodies will make available, at no expense to the Government, the vast knowledge, information, and experience of the oil and gas industries on all matters of national interest with respect to oil and gas. By adequate use of the information and experience thus made available, the Oil and Gas Division will provide sound and timely information and recommendations on any problems of national import and security.

It is likewise highly important that the Oil and Gas Division continue close cooperation and liaison with the Interstate Oil Compact Commission and State regulatory bodies having responsibility for oil and gas conservation.

PERSONNEL HANDLING TAX AMORTIZATION CASES

Mr. JENSEN. How many people are involved in the processing of tax-amortization and defense-loan cases?

Mr. STEWART. We have a man who is supervising all phases of that work and checking the analyses and recommendations as made. We have one clerk who does the bulk of the work in sorting and transmitting these papers.

Then we have a man in the Refining Division who handles all applications for refining and natural gasoline.

We have another man in the Transportation and Storage Division, who handles the similar applications for pipelines and petroleum-storage problems.

We have a man in the Gas Division, who handles all applications coming in on natural gas pipeline projects.

Mr. JENSEN. That makes a total of how many?

Mr. STEWART. That would make a total of 4 men actually working on them, plus 2 men in the deputy's office; 6 men, plus the incidental clerical and statistical staff.

NUMBER OF CASES

Mr. JENSEN. How many cases occur in a year?

Mr. STEWART. We are getting new applications in now at the rate of 16 to 20 a month. Those will continue, or the work on them will continue, for a considerable time after the incentive is withdrawn, assuming that it is withdrawn this fiscal year or next, because under the law the applicant within 6 months after completion of a facility for which he has received a tax certificate has the right to submit an amendment which sets out the actual expenditure for the actual facility built. That may vary considerably in detail from the facility forecasted and for which the certificate was originally granted.

We have to review each one of those applications in what we call a scope determination, to determine whether the actual facility as constructed both in its type and capacity and in its cost is essentially the facility for which the original application was made. If it is we make

appropriate recommendation on that to the Office of Defense Mobilization. Scope amendments and time extension run 40 a month.

TRANSPORTATION AND STORAGE DATA

Mr. JENSEN. Explain in a little more detail why so much data and study is needed on transportation and storage facilities and how this data is used.

Mr. STEWART. We get oil in various oilfields scattered all over this country. The same applies to foreign oil. Oil in itself as it comes from the ground is of very little use. That oil has to be transported to refining centers. The refineries are normally built at points either close to market or close to major transportation arteries, principally on the seacoast or other prime centers.

Now, the crude oil, to do any good, has to have facilities available to transport the oil in the quantities needed to the points at which it can be refined.

From the national security standpoint we have to keep close contact and close check on what facilities there are, on the development of new producing regions, on the potential availability of reserve supplies of crude oil from the new fields, and so on. An example of that is the Williston Basin in North Dakota. And we keep a constant and current picture of the transportation capacity of the country to meet not only the normal peacetime needs but to have facilities that will assure us of transportation capacity in the event of a big emergency or an all-out war.

Now, there is a rise and fall in the productivity of oilfields. There are shifts in the refining centers, shifts in the refineries. There are shifts in the market requirements. And there are, of course, always the problems of where you will want to have your military supplies in the event of an all-out war.

We have to keep close contact with all phases of that to know just exactly what the capacities are and where the lines go and how those lines at a given time can be readjusted or could be readjusted to meet a defense emergency.

That does not take a large staff. We contemplate in this restored Oil and Gas Division having one man to take care of the domestic inland transportation and one man to furnish similar service for tankers and for the worldwide transportation.

Now, to a greater degree than pre-Korea, under the present mobilization planning it is going to be necessary for us to keep very close contact and have very close information on the foreign transporting capacity, including the tanker capacity to move crude oil and products from the places where they are available to the places they might be needed, and including pipelines from individual oilfields out to the point of transfer to the tankers. We have to have that information constantly available in order to furnish the necessary information to our own military and to the Office of Defense Mobilization for their security planning.

FOREIGN PETROLEUM SUPPLY COMMITTEE

Mr. JENSEN. You maintain a New York office; do you not?

Mr. STEWART. We have a New York office. We have had one through PAD. We propose to maintain it, or the essentiality of it.

Mr. JENSEN. What is the purpose of that office?

Mr. STEWART. We have a Foreign Petroleum Supply Committee which was formed under the voluntary agreement to assure a supply of petroleum to the friendly foreign nations. That committee was established initially as a result of the cutoff of Iranian crude in 1951.

That committee originally figured out schedules of worldwide operations and movement of petroleum to assure that all points in the friendly foreign countries were taken care of. When those schedules were worked out, in conjunction with the Petroleum Administration for Defense, the schedules were finally approved by PAD and the movements then were made.

Now, with the easing of supplies abroad, with the great increase in availability of crude from other points in the Near East, besides Iran, the immediate pressure on that committee was resolved.

However, as it was making studies essential for the preparation of schedules, it had to make studies and forecasts of the petroleum requirements of all of the foreign nations. When aviation gasoline became very tight in this country and when we were having a hard time supplying our military we yet had to supply a certain amount of aviation gasoline abroad to maintain the commercial aviation where needed, and we had the same committee prepare continuing reports on the current stock inventories and usages in each supply center all over the world.

PURPOSE OF NEW YORK OFFICE

Mr. JENSEN. I would like to know what is the purpose of maintaining the office now.

Mr. STEWART. Now it follows through in a logical sequence, Mr. Jensen. The military, so far as I know, still need this work on the aviation gasoline stocks. They certainly need and have pushed us to maintain the Foreign Petroleum Supply Committee in action and to provide the worldwide supply-demand studies that have been of such great help to them.

Since that Committee was organized and functions under the chairmanship of an official of the Petroleum Administration for Defense, and since it is contemplated that that job or responsibility will be assigned to Secretary Wormser, it will be necessary to maintain an office in New York where this Committee can meet under Government auspices and where the Committee will still continue to function under supervision of whomever Secretary Wormser designates.

Mr. JENSEN. What does it cost to maintain that office?

Mr. STEWART. There is a rental charge. That is a GSA figure. The other costs consist of one secretary, who is a GS–4, plus a telephone. That is the only expense. It is a relatively small item.

Mr. JENSEN. You say in your justifications that the principal function of the New York office is to provide a meeting place in a Government office and secretarial assistance, for the functioning of the Foreign Petroleum Supply Committee (industry) and its subcommittees.

Mr. STEWART. That is the essence of all of that. It has to be in Government quarters.

STAFFING

Mr. JENSEN. All right.

We will insert in the record the staffing summary which appears on page 20 of the justifications.

(The information follows:)

Staffing summary

Organization unit	Estimate, number	1955 salary
Office of the Director	6	$40,935
Assistant Director, Petroleum and Gas Operations	4	26,270
Production	3	27,260
Refining and natural gasoline	6	45,230
Transportation and storage	3	26,260
Gas transmission and distribution operations	2	15,210
Assistant Director, Programing, NATO, and Voluntary Agreements Operations	9	64,595
New York office	1	3,655
Administrative	2	15,560
Total permanent	36	264,975
Deduct lapses	2	17,189
Net permanent (average number, net salary)	34	247,786
Other positions	1	10,000
Regular pay in excess of 52-week base	0	950
All personal services	35	258,736

Mr. JENSEN. We would like to have a similar chart showing the staffing on July 1, 1949, which was the beginning of the last fiscal year that the old Oil and Gas Division operated. Can you supply that?

Mr. STEWART. We have a summary here which I think is what you require. We got a call from your staff late yesterday and this was prepared.

(The information is as follows:)

Oil and Gas Division, Budget Request

Fiscal year, 1949				Fiscal year, 1955			
Title	Number	Grade	Salary	Title	Number	Grade	Salary
Director	1	(1)	$10,000	Director	1	GS-16	$12,800
Associate Director	1	P-8	9,987	Assistant Director	1	GS-15	11,800
Assistant Director	1	P-8	10,000	do	1	GS-15	11,800
Chief Counsel	1	P-8	10,000	Commodity-industry analyst.	10	GS-15	110,750
Section chief	5	P-8	49,875	Special assistant to Director.	1	GS-14	10,000
Do	2	P-7	16,360	Administrative officer	1	GS-14	10,000
Petroleum technologist	2	P-7	16,360	Commodity-industry analyst.	1	GS-13	8,360
Section chief	1	CAF-14	9,058	do	1	GS-11	5,940
Petroleum technologist	2	P-6	14,204	Administrative assistant	3	GS-9	16,555
Petroleum economist	2	P-5	11,810	Finance analyst	1	GS-9	5,060
Assistant section chief	1	P-5	5,905	Visual information specialist.	1	GS-9	5,310
Special assistant	1	CAF-12	6,609	Clerical services	1	GS-8	5,245
Assistant section chief	1	CAF-11	4,902	do	3	GS-7	14,365
Statistician	1	CAF-11	4,902	do	5	GS-5	20,550
Administrative assistant	1	CAF-9	4,636	do	2	GS-4	6,830
Statistician	3	CAF-9	12,450	do	2	GS-3	6,380
Clerical services	3	CAF-7	11,803	Crafts, protective, and custodial.	1	CPC-4	3,230
Do	6	CAF-5	17,396				
Do	7	CAF-4	17,883				
Do	1	CAF-3	2,620				
Crafts, protective, and custodial.	1	CPC-3	2,160				
Do	1	CPC-2	1,690				
Total	45		250,610	Total	36		264,975

[1] Unclassified.

Mr. JENSEN. Why have not the Oil and Gas Division and the Connally "hot oil" organization been consolidated into one organization, as was the case before 1950; and could not a saving be realized in such a consolidation?

Mr. STEWART. It is very doubtful that any saving could be realized in a consolidation. The basic reason why in this budget request for fiscal year 1955 the two are in as separate items is this: It comes out of the sequence of events. Immediately pre-Korea the advisory functions of the Oil and Gas Division were an item in the Secretary's Office budget, and the Connally "Hot Oil" Act, pursuant to the act of Congress, required a special line. It still does. A special item in the budget.

Mr. JENSEN. All right.

Mr. STEWART. When the Secretary's Office budget was originally prepared this past fall it was prepared on the assumption that the Petroleum Administration for Defense and the normal defense activities which had previously been carried on in the Department would probably continue through the fiscal year 1955, which is the present terminus of the Defense Production Act. Consequently, they did not set up the budget allowance in the normal way for an Oil and Gas Division, but instead prepared and submitted a budget request on a Petroleum Administration for Defense basis.

Mr. JENSEN. In this table which you have just presented, it shows a total for 1949 of $250,610. We appropriated that year $142,380. Can you explain how that came about?

Mr. STEWART. No, I can't, because that was previous to my experience.

Mr. JENSEN. Apparently there is a carryover.

Mr. STEWART. The figures here are based on the budget request that was presented to the Congress in 1949.

Mr. JENSEN. Can you give us the actual staffing in 1949? Have you that handy?

Mr. STEWART. I understand we don't have that.

Mr. JENSEN. Will you submit that for the record?

Mr. STEWART. Yes, sir.

(The information referred to is as follows:)

Staffing summary, fiscal year 1949

Position title	Number	Grade	Salary
Director	1	Unclassified	$10,000
Associate Director	1	P-8	10,330
Director, Refining Branch	1	P-8	10,305
Petroleum engineer (foreign)	1	P-7	8,510
Petroleum engineer (refining)	1	P-7	8,510
Petroleum engineer (production)	2	P-7	17,020
Petroleum engineer (transportation)	1	P-6	7,432
Special assistant to the director	1	CAF-12	6,714
Administrative officer	1	CAF-12	6,714
Clerical services	3	CAF-7	12,061
Do	1	CAF-6	3,476
Do	6	CAF-5	17,806
Do	1	CAF-4	2,724
Do	5	CAF-3	12,942
Crafts, protective and custodial	1	CPC-3	2,423
Total permanent positions	27		136,967
Deduct lapses	4		31,920
Net permanent (average number, net salary)	23		105,047
Other positions	0		1,102
Regular pay in excess of 52-week base	0		410
All personal services	23		106,559

Mr. STEWART. The staffing on oil and gas advisory functions immediately pre-Korea, which was in early fiscal 1951: The overall actual staffing was 20, of whom 8 were technical experts. It was a woefully small group to handle the requirements. The staff that we are proposing in this budget request calls for 16 technical and executive members and 18 steno-clerical and supporting staff—statisticians and so forth—making a total staff of 34 net. It shows 36 on the budget, but that takes in certain lapse figures.

CONSTRUCTION OF FUEL FACILITIES

Mr. FENTON. Just what facilities is the Government establishing now? Are there any facilities in construction?

Mr. STEWART. By the Government?

Mr. FENTON. Yes.

Mr. STEWART. No, for oil and gas the Government has no facilities either under construction or in operation.

Mr. FENTON. No pipelines being established or constructed?

Mr. STEWART. There are no pipelines under construction or currently planned.

Mr. SWANSON. You mean in the United States.

Mr. STEWART. Yes, in the United States.

ECONOMIC EFFECT UPON THE MINING INDUSTRY

Mr. FENTON. We understand the necessity for expansion as far as the military is concerned in our defense program, but does your organization take into consideration in the construction of these facilities for defense, the reaction it might have on existing civilian economy? By that I mean the Government very wisely constructed pipelines to the East for defense. Then as soon as World War II was over they disposed of these pipelines to private industry, to the detriment of existing economic life of contiguous territory. I have reference, of course, to the coal industry.

Mr. STEWART. Yes. The sale of the Big and Little Inch oil lines——

Mr. FENTON. There is no question about it, the sale of those pipelines to private industry disrupted a great deal the economy of coal interests.

I realize the necessity for the defense, but I think that the dislocation of other industries should be taken into consideration. That has not been done. I am just wondering whether or not, in your expansion, that condition is going to be maintained throughout the future years?

Mr. STEWART. The expansion to which we refer here, Mr. Fenton, is not expansion to be carried on by the Government. It is the normal expansion to be made with private capital in the normal economic expansion of their facilities and their distribution.

The Government is in no position, as I see it, to interfere or restrict any normal expansion under any present laws that I know of.

There is no reason why the Government should rush in and furnish its own money to build a facility——

Mr. FENTON. No, but through and by the advice of you people, the Defense Department may ask for these things to be constructed.

Mr. STEWART. If or when that comes about—it may come, but it is certainly not in the cards today. If it does, that is something that the Congress, itself, has to pass on and decide whether or not the Government will spend the money.

Mr. FENTON. The coal industry has gone through this experience. I thought it no more than my duty to ask whether or not you will take into consideration those very vital factors in the peacetime economy?

Mr. STEWART. I think every factor that can be brought to bear will be given adequate consideration. In the final analysis, any reports or recommendations would have to be submitted to Congress for the necessary funds, because to build a large pipeline today from any point of potential supply to the east coast would be an investment of $200 million or more. That is something that would have to come before Congress and it certainly would get full consideration in Congress, I am sure of that.

CRUDE OIL IMPORTS AND EXPORTS

Mr. FENTON. I wish you would insert into the record the amount of crude oil that is being imported into the country and exported at this time, and also the normal rate of consumption of gas and oil and our present reserves of each of those.

Mr. SWANSON. Could I ask, Dr. Fenton: When you say gas, you mean natural gas?

Mr. FENTON. Natural gas, yes.

Mr. SWANSON. And would you like the imports divided as those into California and those into the eastern part of the United States?

Mr. FENTON. Yes; break it down any way you want to.

Mr. LAFORTUNE. Break it up into products.

Mr. SWANSON. Crude oil and products.

Mr. FENTON. Yes; any information you can give us. And also, we might ask what amount of gas is being exported from this country.

Mr. STEWART. We will supply that data for the record.

(The data referred to is as follows:)

United States petroleum situation, first 10 months, 1953

[Average barrels per day]

	West coast	Balance of United States	Total United States
Imports:			
Crude oil	80,391	572,849	653,240
Petroleum products	895	381,483	382,378
Total	81,286	954,332	1,035,618
Demand:			
Domestic demand:			
Total petroleum			7,523,855
Exports:			
Crude oil			57,569
Petroleum products			346,421
Total exports			403,990
Total demand			7,927,845

Source: U. S. Bureau of Mines.

Petroleum reserves as of Jan. 1, 1953

	Barrels
Crude oil	27, 960, 554, 000
Natural gas liquids	4, 996, 651, 000
Total proved reserves	32, 957, 205, 000

Source: American Petroleum Institute.

United States natural gas situation, first 10 months of 1953

	Millions of cubic feet
Domestic consumption:	
January through September	5, 964, 500
October (estimated)	650, 000
Total domestic consumption	[1] 6, 614, 500
Exports (January through October):	
Mexico	18, 606
Canada	481
Total exports	[2] 19, 087
Imports (January through October):	
Canada	6, 062
Mexico	3
Total imports	[2] 6, 065
Grand total	6, 639, 652
Reserves as of Jan. 1, 1953	[3] 199, 716, 225

SOURCE OF DATA

[1] U. S. Bureau of Mines.
[2] U. S. Department of Commerce.
[3] American Petroleum Institute and American Gas Association.

DUPLICATION OF FUNCTIONS

Mr. BUDGE. Mr. Stewart, are you sure a lot of these functions are not being duplicated in other agencies?

Mr. STEWART. None of them are. There is really no way in which they can be duplicated in another agency.

Mr. BUDGE. You say none of them are. I happen to know that the State Department and Department of Defense both make rather complete studies of oil resources abroad and also of tanker capacities to carry those oil resources. How can you say none of them are?

Mr. STEWART. Those studies are not made from the standpoint that we have to make them. The military studies necessarily are military studies.

Mr. BUDGE. What are yours? You have been justifying them here as information you give to the military.

Mr. STEWART. It involves an entirely different factor and one that is almost of equal importance to the military. The military machine in itself would be of very little value unless it had proper industrial and civilian backing up. So we must, as a civilian agency, make sure that the total overall essential civilian and industrial oil and gas requirements are properly included along with the direct military requirements, if we are going to have a proper balance.

Mr. BUDGE. Now, stressing this business of tanker capacity, just as an example. You can go to the latest Janes publication and get tanker capacity for every nation in the world.

Mr. STEWART. Tanker capacity in itself is only one element in the transportation capacity of oil or products on the high seas. The tanker of a given size and of a given speed will move a certain volume of oil in barrels per day from one port to another.

Under various plans with changing points of availability and requirement, it is necessary to reduce tanker capacity and speed to a standard unit to determine tankers needed and to what degree they might be available under one or another war plan.

Mr. BUDGE. The members of this committee can arrive at their own conclusions as to duplication. I am satisfied that your statement, saying there is no duplication, is somewhat exaggerated.

STAFF QUALIFICATIONS

You say you need a small but highly qualified staff. Just what are the qualifications of this staff?

Mr. STEWART. Each individual has to be an experienced man, a technical graduate to the extent possible, in one or another of these operational phases of the oil and gas industry.

Mr. BUDGE. In the table which you have furnished us as to the personnel in the Oil and Gas Division, you have 1 administrative officer and 3 assistant administrative officers to administer a total staff of 36 people. Do you think that is a small but highly qualified staff?

Mr. STEWART. There is some confusion as between you and me. In our administrative staff we have one administrative officer, who is Mr. Russell Slight, and he is the budget and finance officer and the liaison with the Interior's Budget and Finance Division.

We have one personnel aide, who handles all of the personnel matters within the Division and serves as the liaison with the Department's Personnel Division.

Mr. BUDGE. What are the other two that you have listed on this sheet that was handed to us this morning?

Mr. STEWART. I can't identify those. I am wondering if you mean the administrative assistants rather than the administrative officer?

Mr. BUDGE. Yes; that is what I am referring to.

Mr. STEWART. These administrative assistants are special assistants to one or another of the keymen. There is 1 provided in the Director's office and 1 for each assistant director. Those administrative assistants are at present all women. They are women of long experience in the Government. They furnish the special assistance that the keyman needs in administering all of the functions that come under him.

SALARY RANGE

Mr. BUDGE. You have in this Division probably the highest salary range of the Department of Interior, and you may very well have one of the highest in the entire Federal Government.

Mr. STEWART. I think so.

Mr. BUDGE. And as I look through this table, I cannot quite see that this is a "small but highly qualified staff" that would justify the salary expenditures that you are making in that division.

For 36 people you have an administrative officer and an assistant administrative officer, just to handle the personnel problems for 36

people. Mr. Larson, is that a general custom in the Department of the Interior? Does it take 2 people to handle 36?

Mr. LARSON. There are certain standards set up by the Bureau of the Budget. Of course in the smaller offices, you have to have someone conduct these operations. Standards for larger offices would not be applicable.

Mr. BUDGE. Why can't that be handled in your office, since it involves only 36 people?

Mr. LARSON. We handle the processing of the budget without any increase in staff. Mr. Rothrock will handle the finance. The individual concerned here is responsible for preparing all the material that is needed to take care of administrative actions.

Mr. BUDGE. Mr. Chairman, I have no question as to the importance of the work being done, but I am not satisfied that a great deal of this work is not duplicated in other agencies, and I am also not satisfied with the administrative expense in carrying on the work of the Division.

Mr. JENSEN. I note your average grade is GS–10.3. It has been increased each year, the past 3 years, from GS–9.1, GS–9.9, and GS–10.3.

Mr. STEWART. That is a normal trend, brought about principally because under the type of activity, the type of functions set up for this proposed Oil and Gas Division, we will be using a small staff of these highly qualified experts whom we will have to pay high salaries to get at all, and they will draw on all other agencies of Government for base information. They will draw on the Bureau of Mines for the statistical information available there. They will draw on the Geological Survey, Bureau of the Census, Commerce, anywhere else.

Now their job is basically that of a group of consultants. They take this information. They analyze it. On it, they advise the agency needing information.

They likewise will draw on the industry sources, through the National Petroleum Council committees, through the Military Petroleum Advisory Board, or the Foreign Petroleum Supply Committee, and Gas Industry Advisory Council—they draw on them for the information.

Now within the staff, because of the type of work that these experts will be doing, we don't need a large supporting staff. We need a relatively small staff of secretaries, typists, clerks, and messengers, as well as statisticians, to service the entire operation. And because we have a small number of the secondary staff, we automatically have a higher grade average in the overall.

Now that contrasts with the Petroleum Administration for Defense in its more active periods, where we had an enormous staff of clerks, typists, secretaries, and statisticians, which automatically brought down the average grade, and then to accent it even more we had the benefit of a large number of industry men who came in to serve without compensation.

Now under this proposed Oil and Gas Division, we do not provide for these industry recruits serving without compensation. That in itself would raise the average grade.

Mr. JENSEN. All right, gentlemen, that concludes the hearing on the Oil and Gas Division.

WEDNESDAY, JANUARY 20, 1954.

RESEARCH IN THE UTILIZATION OF SALINE WATER

WITNESSES

FRED G. AANDAHL, ASSISTANT SECRETARY FOR WATER AND POWER
DAVID S. JENKINS, COORDINATOR, SALINE WATER CONVERSION PROGRAM
JOSEPH H. STROBEL, CHEMICAL ENGINEER
GOODRICH W. LINEWEAVER, ASSISTANT TO THE COMMISSIONER, BUREAU OF RECLAMATION

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$175,000	$400,000	$400,000
Unobligated balance, estimated savings	−2,452		
Obligations incurred	172,548	400,000	400,000

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
1. Departmental activities:			
(a) Research coordination and administration	$36,756	$65,000	$70,000
(b) Technical assistance from Interior Department agencies in evaluation and supervision of research	20,887	35,000	30,000
2. Nondepartmental activities:			
(a) Research and development of processes (contracts and grants)	110,605	240,000	260,000
(b) Evaluation and supervision of research (consultants)	4,300	60,000	40,000
Obligations incurred	172,548	400,000	400,000

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Total number of permanent positions	9	9	9
Average number of all employees	8	8	9
Average salaries and grades:			
General schedule grades:			
Average salary	$6,378	$6,436	$6,491
Average grade	GS-10.0	GS-10.0	GS-10.0
01 Personal services:			
Permanent positions	$45,202	$46,385	$53,300
Other positions		4,000	4,000
Regular pay in excess of 52-week base	112	115	200
Total personal services	45,314	50,500	57,500
02 Travel	3,073	11,800	9,800
03 Transportation of things	152		
04 Communication services	630	700	700
05 Rents and utility services	50		
06 Printing and reproduction	467	500	500
07 Other contractual services	114,140	275,000	275,000
Services performed by other agencies		35,000	30,000
08 Supplies and materials	1,276	500	500
09 Equipment	2,446	1,000	1,000
11 Grants, subsidies, and contributions	5,000	25,000	25,000
Obligations incurred	172,548	400,000	400,000

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations start of year		$102,620	$92,620
Obligations incurred during the year	$172,548	400,000	400,000
	172,548	502,620	492,620
Deduct unliquidated obligations, end of year	102,620	92,620	92,620
Total expenditures	69,928	410,000	400,000
Expenditures are distributed as follows:			
Out of current authorizations	69,928	307,380	307,380
Out of prior authorizations		102,620	92,620

Mr. JENSEN. Now, the next division we have on the agenda is Research in the Utilization of Saline Water. We are pleased to have with us this morning a former colleague and now Assistant Secretary of the Interior, Mr. Fred Aandahl. We are always happy to see you, Secretary. You have been on this side of the table on many occasions, and you know what both sides of the table have to contend with. Now you are on the other side and we are very happy to see you there, as much as we are sorry to see you leave the House of Representatives. I want to congratulate you on the good job you are doing in the Department. You have been a busy man, for a year. But you have always been a busy man. You are happy when you are working.

Secretary AANDAHL. I have never done anything else.

Mr. JENSEN. That is your hobby. We will be glad to hear from you.

GENERAL STATEMENTS

Secretary AANDAHL. Mr. Chairman, I appreciate those kind remarks. We also appreciate the opportunity of appearing before the committee and presenting the requests for appropriations for the saline water work.

There is one thing that I would like to call to the attention of the committee, before I ask Mr. Jenkins, the coordinator of the project, to report. That is that under date of October 8, the Secretary transferred the saline water work to the Assistant Secretary for Water and Power. Prior to that time, it came directly under the supervision of the Secretary and he, the previous Secretary, had named Mr. Lineweaver as his representative in the saline water work.

Under date of October 8, it was transferred to the Assistant Secretary for Water and Power. And under date of October 7, a directive was issued setting up a saline-water committee. That committee is made up of a representative of the Bureau of Reclamation, Mr. N. B. Bennett being Reclamation's member, Geological Survey with Mr. Douglas Woodward as member, Bureau of Mines with Mr. Sidney Gottley as a member, and my office represented by my assistant, Mr. Ed Frye.

Mr. JENSEN. I believe you are the Assistant Secretary in Charge of Water and Power, are you not?

Secretary AANDAHL. That is correct.

We in Interior decided to keep the saline-water program under the direct supervision of the secretariat and not make it a definite part of any of the agencies within the Department.

We recognized, of course, that these three agencies that are represented on the advisory committee do have a great deal of information and can be helpful in establishing the policy that should be followed in the salene-water program.

These agencies were represented previously on the advisory committee and the order of October 7 merely continued that arrangement, adding a representative from my office to the committee.

Mr. Jenkins is continuing as the coordinator of the work. We have encouraged him to proceed and use his initiative to the best advantage, to make the program successful.

And I would like to call on Mr. Jenkins to report more in detail what we are doing under that program.

Mr. JENSEN. All right, Mr. Jenkins.

Mr. JENKINS. Thank you, Mr. Chairman. I first would like to express appreciation for the recommendations that were made by this committee last year as to the manner in which the funds would be expended, because under those recommendations it has been possible to obtain cooperation that we might not otherwise have obtained.

Mr. JENSEN. What recommendations do you refer to, Mr. Jenkins?

Mr. JENKINS. The recommendations contained in the report to the effect that the work should be handled with considerable discretion by the people in the Department, and we appreciate very much that confidence that was shown.

I would like to submit for the record a detailed statement that was filed with the committee earlier and then review briefly the progress to date, after which Mr. Stobel and I would be glad to answer questions.

(The statement referred to is as follows:)

Public Law 448, 82d Congress, 2d session authorized the Secretary of the Interior to carry out a program of scientific research and development, the objective of which is to develop economically feasible processes for converting saline to fresh water. The Department of the Interior accomplishes this program by conducting research by means of federally financed grants and contracts, encouraging development by correlating and coordinating research efforts in this field, and encouraging other public bodies and private enterprise in research. The development of processes under this program is being directed equally to the reclamation of inland saline waters and ocean water. Much of the research contributes to both purposes.

The appropriation by the Congress in fiscal year 1953 of $125,000 to initiate the program and the subsequent appropriation that year of an additional $50,000, and $400,000 for fiscal year 1954, were recognition that the welfare and security of the Nation is being affected by acute water shortages in many areas of the country and island possessions.

The $175,000 appropriated for fiscal year 1953 was used to organize and initiate the research program and to begin work on nine exploratory research contracts. The $400,000 appropriated for fiscal year 1954 likewise is being applied to the development and improvement of new and existing processes through research contracts, and for coordination of research work in this field. The $400,000 requested for fiscal year 1955 will be used for continuing that research and coordination with private institutions engaged in research and development of this nature. As emphasis has been and will continue to be placed upon encouragement of private industry to undertake research through its resources, a significant part of the funds here requested will be devoted to research which has not yet advanced to the point where private funds can be attracted, and to developments in which Government interests are sufficient to justify use of Federal funds separately, or jointly with industry.

It has been fortunate that Federal funds have been available to initiate this saline-water conversion research. Even with the expenditure of Federal funds, research by private interests in this field has not been as extensive as had been expected. Every effort has been and is being made to encourage private research and to interest private industry in the development of processes. However

private interests, with a few exceptions, have not taken the necessary risks in the face of present limited technical knowledge on this subject.

If, after a reasonable time, it is found that private industry is unable to justify the devotion of greater attention to this important problem, it seems entirely possible now that it may become necessary to initiate some research and developmental work through Government laboratories and facilities to supplement that being performed under contract.

The act is based upon an average budget of $400,000 per year which is to be divided, approximately as follows:

(1) Coordination of the research and development work and direction of the activity, by Department of the Interior personnel and facilities, not to exceed $100,000 a year;

(2) The stimulation of research performed by nondepartmental personnel and facilities, principally by means of research contracts, and consulting services, in the amount of approximately $300,000 a year.

PROCEDURE

Because the prospect of reducing costs of the few existing processes did not appear good, it was necessary at the outset to consider all possible physical, chemical and electrical phenomena and new energy sources directly associated therewith, which might be developed or utilized to separate water from salt water. An outline of all such processes was sent to private and public scientific organizations and individuals with an encouragement for them to consider the problem. It was recognized that it would be necessary later to seek specific research in areas as processes are developed and to carry some developments into larger units for field testing.

It is clear that it will be necessary within the fiscal year 1955 to seek specific research and development in certain fields, and conduct field tests in others. This type of purchased research is more expensive.

Research proposals are evaluated on the basis of their scientific and economic merits. The coordination staff and scientists from several Interior Department and other Government agencies make an initial technical review. If the research is necessary and appears reasonably feasible, the proposal is sent to consulants who are highly specialized in the particular field. If the consultants' evaluations are favorable, a contract is negotiated with the sponsor. The research is supervised and reviewed during its progress by the Coordination Staff, scientists of Department and other Government agencies, and/or consultants. Likewise the final results are evaluated and reviewed by these groups and are constantly fitted into the overall program.

COORDINATION

All private and public research in this field is recorded and studied currently. Progress on research under the program is continuously coordinated with the Department of Defense in accordance with section 3 of Public Law 448, and with the National Science Foundation. Other governmental organizations with which formal cooperation has been established include the Atomic Energy Commission, the Smithsonian Institution, Federal Civil Defense Agency and the Department of Agriculture, and informal cooperation exists with several others. Cooperation and coordination of research is also carried out with a European group through the auspices of the Foreign Operations Administration.

DIRECTION OF THE PROGRAM

Under the present authorization the majority of the research is handled through contracts. This requires coordination by Government representatives to assure that the limited funds are expended to the best advantage and in accordance with contractual commitments. Although highly specialized consultants' services are used for such work as evaluation of research proposals, and technical assistance is obtained from the Bureau of Mines, Geological Survey, and Bureau of Reclamation, it is nevertheless essential that there be a small central staff which has the responsibility for making final administrative and technical decisions, formulating and advancing the program to a fruitful end and assuring that the funds be used in accordance with the law. It is essential also that the members of this staff have scientific and administrative abilities of the high level necessary to meet with the scientists engaged in this work on an equal basis and to make final evaluations and decisions. Together with other necessary departmental expenditures, the total will be kept within the $100,000 annually permitted under Public

Law 448. The full-time staff consists of nine persons including administrative and clerical assistants.

In the initial research on process development, small expenditures have been adequate for exploratory and small-scale laboratory work. As processes are developed in the laboratory of sufficient promise, field tests will be needed to determine feasibility on a large-scale basis. It is hoped that some of the field testing of selected processes can be undertaken soon to encourage greater interest.

Of the $400,000 appropriated by the Congress to this program for the fiscal year 1954, the Department has obligated or tentatively committed $328,537 as of January 5, 1954.

The activity is administered by the Secretary of the Interior through the Assistant Secretary for Water and Power Development.

The Bureau of Reclamation, Bureau of Mines, and Geological Survey provide assistance in preparation of the program; review and evaluation of research proposals including laboratory tests where necessary; negotiations of research contracts and grants; supervision of research contract work; evaluation of results of research; supervision of selected surveys needed specifically for the development of processes; and keeping abreast of development in selected activities related closely to the work of the particular agency.

Outstanding representatives of educational, industrial and research institutions provide advisory assistance to the Secretary of the Interior.

Mr. JENKINS. It was my hope that we would be able to give the committee all of the information that they could possibly desire.

To that end I asked if Mr. Lineweaver, who had been familiar with the program for a long time, could be here today in order to provide additional information that the committee might desire.

ORGANIZATION

I would like to call to your attention, Mr. Chairman, the second annual report of the Secretary of the Interior on saline water conversion, which was distributed just last week and which I believe is very thorough and answers many of the questions that can be asked regarding the conduct of the program.

I thought perhaps the committee members might like briefly to consider the information on pages 26 and 27 of that report concerning the organization of the work in the Department. With your permission, I would like to have included in the record the information given on page 26.

Mr. JENSEN. Without objection.

(The information referred to is as follows:)

On October 8, 1953, the Secretary assigned the responsibility for carrying out the provisions of the act to the Assistant Secretary for Water and Power Development.

A group of eminent representatives of scientific, industrial, and educational institutions was appointed in 1952 to advise the Secretary with respect to the broad human, economic and industrial phases of the program. That group held one meeting in December 1952 and at the time of this report is considering a redefinition of the scope of its activities.

Because the work transcends the authorized activities and technical interests of several of the bureaus of the Department, the small unit in the Bureau of Reclamation which was assigned originally to direct and coordinate the program under an officer serving as Coordinator was transferred to the Office of the Secretary by secretarial order dated December 15, 1952. Subsequently as a result of the reassignment of responsibilities on October 8, 1953, this coordination unit now reports directly to the Assistant Secretary for Water and Power.

A Saline Water Conversion Committee (departmental) consisting of one representative each from the Bureau of Reclamation, the Bureau of Mines, and the Geological Survey provides advice and assistance in such matters as technical evaluation of research, development and review of the program, exchange of information and coordination of activities in connection with the program, and preparation of the annual reports.

The Bureau of Reclamation, Bureau of Mines and Geological Survey provide assistance in preparation of the program, review and evaluation of research proposals including laboratory tests where necessary, negotiations of research contracts and grants, supervision of research contract work; evaluation of results of research; supervision of selected surveys needed specifically for the development of processes; and keeping abreast of development in selected activities related closely to the work of the particular agency.

Outstanding scientists and engineers, serve as consultants in evaluating research proposals, surveying progress, and reviewing accomplishments and final reports. Consultants are engaged on a contract basis unless they specifically prefer appointment on a w. a. e. basis. A discussion of the types of research services to be provided by private scientists is attached and made a part of this report (p. 29). Some 35 individuals and firms who have agreed to serve in this capacity are listed on page 28.

Mr. JENKINS. The organization chart on page 27, as now set up under Assistant Secretary Aandahl, shows the method of operation.

I would like to say just a word about the coordination activities. It will be recalled, Mr. Chairman, that a primary responsibility assigned to the Department of the Interior in several of the bills that were before the Congress and one which was retained in the final act, was that of encouraging development of processes by private industry to meet this very great need.

In order to assist in accomplishing that purpose, it was necessary to "coordinate" the work, for lack of a better word, with all of the other work that is underway in this field or that might become underway.

The first four organizations listed under coordination: Private industry, education institutions, Department of Defense, and the National Science Foundation, all are in a position to, or are, performing some work related to our activities. Cooperation with the other 6 organizations listed relates largely to assistance from them and to assistance supplied to them where necessary. The Federal Civil Defense, for example, has need for emergency standby water supply equipment, to which the results of this work, if successful, might represent a very great contribution.

I would like to say a word also in connection with the assistance that has been given by the Bureau of Reclamation and the Bureau of Mines and Geological Survey through their technical personnel. From them we have been obtaining very valuable technical assistance which has made it unnecessary to use as much of the appropriation for consultants as we had expected in the beginning. This has made it possible to use more of the money which we had set aside for consultants now for actual contracts.

The progress that has been made during the year, I believe, can be described as being of two parts. First, we have succeeded in obtaining the support of some of the finest scientific people in the country. We have done that somehow by overcoming some skepticism that existed in the beginning and some prejudice which may have come about as a result of some publicity earlier which gave the impression that the answers to this problem were just around the corner and that all that was needed was a large demonstration plant.

EMPLOYMENT OF CONSULTANTS

After a year of operation we now have, as I have said, some of the very best people in the country working on this problem.

Mr. JENSEN. You mean for the Government or cooperating?

Mr. JENKINS. As consultants.

Mr. JENSEN. Employed by the Department?

Mr. JENKINS. They are employed under contract when we have a special job for them, usually. There are just a few of those consultants who, because of their situations with their organizations, or universities where they are employed, are unable to take contracts to perform a job for us and must be employed then as consultants in the usual fashion.

Now, those consultants who are——

Mr. JENSEN. Let's get this straight now. You give a contract to a university, for instance, and then you hire consultants from that university in addition to the contract?

Mr. JENKINS. That would be possible.

Mr. JENSEN. Are you doing that?

Mr. STROBEL. I might say, if I can interrupt one moment, that a consultant might be hired in that university but for another job, to evaluate some other proposal or something of that nature.

Mr. JENSEN. Not working on the saline water?

Mr. STROBEL. Yes; working on it, but not on the particular job that is at that university under a contract for research and development.

Mr. JENSEN. I am not opposing it, but I am just wondering, if you give a contract to a certain university, under the provision of this law or under this appropriation, and then from the same university you hire a consultant, and pay him out of the funds—it doesn't quite square. It would appear that a very able chemist or scientist or whatever his title might be, employed by a university, should not receive a salary from that university while he is working on this project because of the fact that he is an employee of the university and the university has a contract with the Government.

Mr. JENKINS. I would like to clear that up.

Mr. JENSEN. I wish you would.

Mr. JENKINS. We have one case which I think will clear it up and that is the University of California at Los Angeles, with which we will probably contract within the next week or two. Most of the terms of the contract have been agreed upon. The people who will work on that contract have not gone to work yet. There will be 3 or 4 certain people in the university working on that contract.

Now, at that university is another scientist who is not connected with this contract, whom we want to employ to go over to another university where we have a contract and help on some work that is not a part of the UCLA contract.

Mr. JENSEN. I know, but it is all related to this function of government; is it not?

Mr. JENKINS. I wouldn't say that it is unless it is so stipulated in the contract. You see, we don't enter into a contract for the broad general purpose of just developing an unidentified process by the university. In a few cases we have considered doing that, but if we should, it would be in the form of a grant for general exploratory work and we would just assign the university the broad responsibility of developing whatever they could. We have made only one grant in the past.

But the contract is like any other contract. It specifies rather rigidly what shall be done and who shall do it.

Mr. JENSEN. Does it specify dollars?

Mr. STROBEL. Oh, yes.

Mr. JENSEN. Then you have a contract. It isn't a grant, but it is a contract.

Mr. STROBEL. That is right.

Mr. JENSEN. To do a certain thing.

Mr. STROBEL. With certain people specified.

Mr. JENSEN. Then anybody that isn't specified from that university can come down, if you so desire, and go to work for you and get paid out of this fund; is that right?

Mr. JENKINS. Oh, yes, certainly.

Mr. JENSEN. Then they are taken off the payroll of the university?

Mr. JENKINS. Many university people work about a half time on the university payroll and depend upon consulting assignments for a part of their income.

One of our contractors told me that he devotes only 50 percent of his time to the regular teaching load for the university, and the rest of his income is from——

Mr. JENSEN. Now, when you give a contract to a college, you naturally expect that the best brains in that college are utilized to carry out the provisions of the contract and to make experiments, in hope that sometime we can really get this program on the road and find the solution. Isn't it assumed that under the contract, you expect that college to use all the best brains they have, instead of going to schools outside of the contract and hiring professors?

Mr. STROBEL. I think I can clear it up.

Mr. JENKINS. Yes, if you would.

Mr. STROBEL. These contracts are rather specialized. Now, the best people are specified in that field. For example, there may be a man in the university who spent years working on membranes. Now, he would be on the contract working on membrane developments. Now there might be another man in that university who has spent years on say, solving extraction process, some different process. He is an expert in that field. Now this one contract may be in operation on the membranes but this other man over here who is an expert in another field wouldn't get involved in that contract, but he might be very valuable on this other process or other work.

Mr. JENSEN. Well, if he is valuable in any phase of your program, wouldn't he be just as valuable by remaining at the university as the contractor, as he would be if you hire him outright outside of the provisions of the contract?

Mr. STROBEL. The contract is based upon a proposal from the university to carry out certain research and there are certain people in the university who are interested in this and who propose that they work on this. The second man may not have proposed anything. But we would like to have his opinion on what someone proposed, which is in his field of specialization.

Mr. JENSEN. That is too technical for me.

When I contract with any concern to do a certain job, I expect them to perform and live up to the provisions of that contract and to do the job which the contract provides they shall do.

I wouldn't go into that concern and hire one of the best brains outside of the contract and pay him out of my own pocket to work for me at some other location possibly in the same field of endeavor. I don't believe I would do that. I would expect the fellow that contracted with me to perform that contract and I gave him the contract because I thought his concern had men that were best qualified to carry or do the thing that I wanted done.

Mr. JENKINS. Mr. Chairman, I believe it is done throughout the Government a great deal, however, where we have such a firm as a very large and well-known construction organization handling maybe one or several large contracts for the Government. I believe I am correct that some of the experts in that organization have been employed by the Government and have been sent on other work, either in their own name as a consultant or as a separate contract with that concern. I believe it has been done.

I will provide later, for the record, a statement of procedures for contract research.

(The material referred to follows:)

PROCEDURES FOR CONTRACT RESEARCH

SUBMISSION OF RESEARCH AND DEVELOPMENT PROPOSALS

With the assistance of the three Interior Department bureaus and the cooperation of the National Science Foundation, and following closely the procedures employed by the latter, guides were prepared for the information of prospective cooperators as an aid in submitting research and development proposals or applications for grants and contracts for investigational work. Included in those guides are adequate discussions of the nature and scope of proposals, the general plan for making allocations and payments, questions of title to equipment thus purchased, security measures, reports required, patent rights, and a detailed outline of the type of information which each proposal should contain.

EVALUATION OF PROPOSALS

Also with the assistance of the three departmental agencies and following generally the procedures of the National Science Foundation, a detailed procedure has been prepared, and concurred in, for the evaluation of applications for grants and contracts and of proposals for research and development work. Initial examination is made in the Coordinator's office. Selected proposals are then referred to one or more consultants recognized as specialists in the several fields of investigation. Consultants may recommend additional reviewers, more highly specialized in the applicable field. Evaluation reports by consultants are reviewed for final recommendation by the Coordination Office, with the assistance of qualified representatives of the Bureau of Reclamation, Bureau of Mines, the Geological Survey, or other appropriate Government agencies. Close cooperation is maintained on all approved projects with the National Science Foundation and the Department of Defense in order to avoid any unnecessary duplication.

Responsibility for final technical evaluation of proposed research and its coordination with existing governmental and private research is that of the Coordinator and his small staff. Approval by the Secretary or the Assistant Secretary is the final step.

INSPECTION OF CONTRACT RESEARCH

After a contract for research has been awarded, the research and development under that contract is observed, evaluated, and reviewed during its progress by the technical personnel of the Coordinator's office and consultants who are specialized in the particular field of science. The degree to which such periodic evaluation is necessary depends upon the nature of the research and the need for coordinating it with other related research. In exploratory type projects which may take the form of grants, broad latitude is given the researcher and inspections may be eliminated entirely.

EVALUATION AND COORDINATION OF RESULTS

Particularly in connection with research projects which relate to other activities in the same field or upon which future research under the program or elsewhere depends, a careful technical evaluation is made, usually by highly specialized consultants, before final payment is made. The results are carefully coordinated with other research in related fields by the Coordinator's staff and are given the broadest possible distribution for general public information and comment before proceeding with subsequent research and development.

GRANTS AND CONTRACTS

Mr. JENSEN. All right. Insert in the record a list of approved applications for grants and contracts showing the amount of each, and then will you tell us now in your own words what has been the procedure and how you have expended the funds which we appropriated last year?

Mr. JENKINS. Yes, sir. I have a table here which I will submit for the record and copies for the members.

(The material referred to is as follows:)

Saline water conversion program—Summary of contract research funds

CONTRACTED FISCAL YEAR 1953

Contractor	Research undertaken	Amount
University of California [1]	Solar evaporation, low temperature difference application.	$5,000
Ionics, Inc	Demineralization by ion transfer membranes, laboratory testing and engineering cost estimates.	30,000
Battelle Memorial Institute	Multiple effect, solar evaporation investigation	3,000
Heinz Engineering Co	Vapor compression distillation, development of cycle analysis method and cost design data.	19,980
Dr. George O. G. Löf, consulting engineer	Utilization of solar energy	6,000
University of Florida	Development of synthetic osmotic membranes and their application.	18,080
State University of New York	Thermodynamic studies on process energy requirements.	6,140
Yale University	Vapor compression distillation, improvement of heat transfer.	16,330
South Dakota School of Mines and Technology.	Inventory of saline water resources	6,140
Total fiscal year 1953		110,670

[1] Grant.

CONTRACTED OR NEGOTIATED FISCAL YEAR 1954

CONTRACTED

Contractor	Research undertaken	Amount
Texas A. & M. Research Foundation	Research on solvent extraction processes	$5,000
University of Minnesota	Development of waste heat survey plan and procedures.	8,280
Polytechnic Institute of Brooklyn	Development and testing of ion selective and ion specific membranes.	30,880
Nuclear Development Associates	Research on extraction of fresh water from sea water in supercritical state.	26,480
Total		$70,640

Saline water conversion program—Summary of contract research funds—Continued

CONTRACTED OR NEGOTIATED FISCAL YEAR 1954—Continued

NEGOTIATED AND AWAITING CONTRACT

Type of research	Amount	
Research on hydrophilic adsorption and thermo-osmosis	$7,000	
Development and field testing of membrane demineralizer	80,000	
Research on molecular oil films for osmotic separation	10,000	
Ultra high frequent current application test	2,500	
Total		$99,500
Total contracts committed fiscal year 1954		170,140

CONTRACTS UNDER CONSIDERATION

Type of research	Probable amount	
Solar distillation, research and development	$45,000	
Development and testing of new design vapor compression distillation unit	75,000	
Supercritical state process development	30,000	
Study of mineral byproducts	10,000	
Ion selective and ion specific membrane process application	40,000	
Thermodynamic studies on process energy requirements	5,000	
Solvent extraction process development	25,000	
Solubility exploratory research	5,000	
Utilization of agricultural wastes as ion exchange material	15,000	
Investigation of freezing processes	10,000	
Total		260,000
Total currently indicated contract research, 1954		430,140
Available for contract, 1954		285,000
Defer until 1955		145,140

ANTICIPATED CONTRACTS, FISCAL YEAR 1955

	Estimated cost	
Critical pressure device (medium size laboratory model-lab tests)	$50,000	
Improved flow electro-ion (10-stackunit) design and field test	125,000	
Field testing of large capacity vapor compression unit	90,000	
Ion selective unit design and laboratory tests	40,000	
Solar evaporation	50,000	
Freezing unit	40,000	
Geothermal energy studies	10,000	
Other research and development	100,000	
Comprehensive and joint attack on scaling problem in evaporation equipment	25,000	
Total		530,000
Total apparently needed for 1955 including that deferred from 1954		675,140

Mr. JENKINS. This table gives the contracts by name of contractor the type of specialized work undertaken, and the amount, with respect to the contracts that were let during the 1953 fiscal year, from the $175,000 that was available that year.

On the second page there are 4 contracts which have been let so far this year with the current funds, totaling $70,000, and 4 additional which have been negotiated and are just awaiting final drafting and signature, with a complete total for the funds used on contract research, the current year, of $170,000.

In addition, at the bottom of the page there is the list of the contracts under consideration at present which think we are good enough,

that we are justified in employing some of these consultants to spend their time thoroughly evaluating them.

In this listing, the names of the organizations are not given because we have established a policy generally not to publish the names of organizations that do not have a contract yet as it might be embarrassing to them and it might be disadvantageous to the Government in our negotiations.

Whether those researches will emerge as contracts is not yet known, but they do look good.

The total of that group is $260,000, making in all a total of very meritorious work of $430,000.

Now there is available in 1954, only $285,000 for this purpose. Therefore, if all of these in the last group should be approved, and in those amounts, then it would be necessary to defer until 1955, research costing approximately $145,000.

I have then taken the liberty here for your information, Mr. Chairman, of listing the work, and our estimates of what we think that work will cost eventually, which has not been included, not been proposed so far, but which we know must or should be undertaken. In the next to the last item in that list entitled "Other Research and Development," we don't know what proposals will be made.

Mr. JENSEN. Your anticipated contracts for fiscal 1955 total $530,000 and you are only asking for $400,000. You carry over how much?

Mr. JENKINS. We carry over a need for $145,000.

Mr. JENSEN. $145,000.

Mr. JENKINS. Making at the present time an indicated need for some $675,000 which will have to be reduced.

Now that brings up a very interesting part of this program that has not been necessary so far. In the beginning we felt that private industry would take on a great deal of this responsibility. We still think that they will and hope that they will.

It was expected that good, meritorious work under this program, which would be reviewed and recommended by our specialists, would be picked up and undertaken by private industry. This additional amount that we can't meet with Government funds will be offered to private institutions, with such endorsement as we feel we should give.

PROGRESS OF RESEARCH PROGRAM

Mr. JENSEN. What progress has been made in this field? Do you feel you are making progress in discovering ways to distill water and demineralize our water?

Mr. JENKINS. Yes. We have about completed the work under the first 9 or 10 contracts that were let the latter part of last year. Some of them were general-study contracts to determine the course that we should follow and 2 or 3 were actual laboratory experiments developing a process.

The most outstanding result has been that obtained at Ionics, Inc., under this second contract listed. I would like to ask Mr. Strobel, a chemical engineer with the program, to describe quite briefly the progress that we have made under that one development.

Mr. STROBEL. I believe that those here are familiar with the fact that the Ionics process makes use of a membrane, demineralizer, which uses electrical energy to reduce the salt content of saline water.

Now, before the legislation under which this program has been established was enacted, the Bureau of Reclamation had a small contract with Ionics for the purpose of determining means whereby certain irrigation water in an existing project in South Dakota might be improved.

Now on the basis of these laboratory tests, using the Ionics process, an estimate of $16 an acre-foot to make this water usable for irrigation was made.

Then after this program was initiated, this contract which we are now——

Mr. JENSEN. That wasn't desalting. That was demineralizing water; wasn't it?

Mr. STROBEL. Well, those terms are used interchangeably.

Mr. JENSEN. You are not bothered by salt water in South Dakota; are you?

Mr. STROBEL. Well, we term it "salt water." It is water that has too much salt in it for the plants or the soil to take care of. It is so-called brackish water. That was the water that was worked on. It is that type of water, that type of water where the salt content is not as high as sea water, where the Ionics process shows the greatest promise at this time.

So after this program started, this contract we are talking about now was negotiated with Ionics, and the scope of the investigation was broadened and laboratory tests were made on three of these brackish waters, and on seawater.

It was still on the laboratory-size unit, but it was a larger unit than under the Bureau of Reclamation contract. The demineralizer had a capacity of about 100 gallons an hour.

COST OF DEMINERALIZING WATER

Now based on these tests, which have recently been completed, with this unit which could produce 2,400 gallons per day, estimates were made of how much would it cost to make 75 million gallons a day of usable water.

Now those estimates for the three types of water were, on the South Dakota type, $4 an acre-foot compared with the original $16 estimate on the initial small scale test.

On Arizona-type water——

Mr. BUDGE. May I interrupt just a minute?

Mr. STROBEL. Yes.

Mr. BUDGE. Do you mean by the use of this process you can demineralize or desalt this water for $4 an acre-foot?

Mr. STROBEL. Yes, that particular water.

Now your price varies with the water that you start out with. This particular water has not very much salt in it, but too much to be usable.

Now, if you have a water, like the Arizona-type water, which had about 4 to 5 times the salt content of the South Dakota water, then

based on the small laboratory unit the price is estimated at $20 an acre-foot. So it depends on how much salt is in the water to start with. The less salt to be removed the less electricity it takes and therefore the less the process cost.

Mr. BUDGE. I noticed you said a few minutes ago that any cost—as I understood you—below $12 per acre-foot would be feasible for irrigation. In this report of the Secretary, the second annual report of the Secretary, it says $40. Now you apparently have a process costing only $4.

Mr. STROBEL. On this particular water. And I think Mr. Lineweaver might give a little more of the technical details on the irrigation part than I can.

But as I understand it, it depends—the price that you can afford to pay, depends on where this water is.

Mr. JENSEN. It depends on what kind of crop you can grow.

Mr. STROBEL. Yes, what the value is and so on. So at one place you might be able to spend more than at another place. South Dakota happens to be a place where you can't spend very much.

Mr. BUDGE. Where did you get this figure of $12 and the other figure of $40 per acre-foot?

Mr. JENKINS. May I clear that up just a little, Mr. Budge?

The value or the economic limit on the amount of money that can be afforded for demineralizing water in South Dakota is much, much below either $12, $16, or $4.

Mr. BUDGE. I understand that.

FIELD TESTING UNITS

Mr. JENSEN. The thing we want to know is: are you getting satisfactory results, are you satisfied that——

Mr. STROBEL. I was going to point that out, sir.

Here is a process that looks pretty good on these brackish waters. It looks good in the laboratory.

However, just what the effects of field conditions on such a unit, what operation problems, what maintenance problems, you are going to run into and how long these membranes are going to last under field conditions: those are things that we don't now know anything about. We made progress in the laboratory in showing the possibility existing. These cost estimates for producing say 75 million gallons per day are based on this unit which turns out only 2,400 gallons per day in the laboratory.

So in order to determine the effects of field conditions and in order to arrive at data which will be more accurate in projecting these cost figures to see what big volume will cost, we believe that it is now necessary to make a somewhat larger unit and test it actually in the field on some of these waters. We have the proposal now, a new one, from Ionics to construct a bigger demineralizer, a so-called five-stack unit, each of those stacks being about twice as large as the unit used in the laboratory in the previous work.

PROGRESS OF PROGRAM FOR DESALTING SEA WATER

Mr. JENSEN. All right. Let me ask this question.

Have you reduced in the past year the estimated cost of desalting ocean water?

Mr. JENKINS. May I attempt to answer that?

Mr. JENSEN. After all, you know, that is what we are more interested in than anything else, and that is to be able some day to use sea water for irrigation.

Mr. JENKINS. That is right.

Mr. JENSEN. Can you answer that question?

Mr. JENKINS. I will attempt to. We have not developed a process so far that is complete and which will reduce sea water to fresh water at lower costs than existed when the program was initiated. We are working toward that end and 3 or 4 of these initial research programs are for the purpose of improving the critical factors in some of the distillation processes.

Now we have a proposal, just received this week, on which we have been working with the inventor and a development organization, and it looks as though we will be able to develop a process there which, if our present calculations are correct, will be capable of distilling water at about half or less than half of the present costs of distilling water.

Mr. JENSEN. Distilling seawater?

Mr. STROBEL. Yes.

Mr. JENKINS. Any water, including seawater.

Mr. JENSEN. Well, that is encouraging.

(Discussion off the record.)

Mr. JENSEN. All right. But you do feel that progress is being made and you do believe that by constant research and scientific studies and experiments some day before too long we will be able to demineralize and desalt water that is now unfit for use, to make it usable both for household and irrigation?

Mr. JENKINS. Yes, sir, I think so. I think we are making progress. The progress that we are making along the scientific lines is greater than I had ever hoped to expect at this stage.

There is only one place where we are not making as much progress as I would like and that is in interesting private industry in this activity.

Mr. JENSEN. Mr. Aandahl, in a few words, can you tell us how you feel about this program?

Secretary AANDAHL. This program is new to me. I have only been watching it for a few months. I feel the work that has been done thus far points in the direction of possible accomplishment. It isn't apparent at the moment, but I do think that we are moving in the right direction and something of value will very probably come out of the work that is being done.

As you realize, in experimental work of this kind there is a great deal of uncertainty.

Mr. JENSEN. Yes, I do.

Secretary AANDAHL. In the beginning it is just impossible to say you are going to accomplish something. But I do feel we are moving in the direction of accomplishment.

Mr. JENSEN. We are groping, so to speak?

Secretary AANDAHL. Yes, sir.

Mr. FENTON. Well, Mr. Jenkin's last statement just took the words out of my mouth: just how much trouble you are experiencing with private interests, colleges, and others, getting into this program.

Mr. JENKINS. Dr. Fenton, we are having wonderful success in getting those organizations interested in cooperating with us where we have some research work for them to do.

But where their board of directors must advance risk capital themselves without Government help, they are unwilling so far to do so, with a few exceptions.

One of your firms in Pennsylvania, Rohm & Haas Chemical Co., in Philadelphia, is advancing work with its own funds and have cooperated with us in giving us information, some of it of a confidential nature because it is commercially valuable.

But they do not want Government money at present. But Rohm & Haas and 1 or 2 others are the rare exceptions. One firm in Boston took a vote of the directors last week and they voted against putting all of the necessary funds into what we view as a very fine-looking development. They are willing to put in about half of the money if the Government will supply the other half to nurse the development along to the point where private industry can be justified in taking over. And that has been our conception of the manner in which this program is supposed to operate, that the program is supposed to take these developments, advance them along to the point where private industry can take over, and when that time comes private industry will spend its money, much more than $400,000, several million dollars, and develop the process.

So far we don't have anything nursed along quite far enough for private industry to take over.

Now, some effort is being made by some of the other people in the Department to that effect and perhaps Governor Aandahl you might like to mention the efforts that Mr. Lewis is making to interest private industry?

Secretary AANDAHL. I do not have enough detailed information to comment on it.

Mr. FENTON. I realize it is something new and will probably take time. But are those people that you are contacting sufficiently interested to go into the program? If they are not, I wouldn't bother with them. I would try to get somebody like these people you just mentioned in Philadelphia or other places that have gone into the program more or less and try to help them out, to hasten the thing on.

Mr. JENKINS. We believe, as the committee does, that we should not scatter the money too much.

There are some new ideas that come up that should be explored with a small amount of money and we are exploring the very best ones of them. We are channeling the work just as much as we can into a few of the better looking developments.

We want to be sure, however, that we don't wake up one of these days and find that we have spent all of the money for a period of 2 or 3 or 4 years on something that looked very good and finally came up without the answer and during that time we had neglected the other possibilities.

Mr. FENTON. We know you have a problem and I know it is something that has to be developed. We hope that you can succeed in doing something worthwhile.

Mr. JENKINS. I talked that over at length with Mr. Lineweaver several times and I wonder, Mr. Lineweaver, if you would have any further comments to make on that aspect?

MAJOR OBJECTIVES OF RESEARCH PROGRAM

Mr. LINEWEAVER. I may say this, Mr. Chairman; the general proposal of the saline water program to start with was to concentrate on the two major objectives, which first was the development of feasible, economic methods demineralizing of brackish water, and that that would lead eventually into feasible, economic processes for desalting of ocean water.

As you will recall, this program was stimulated in Congress primarily because of the brackish water situation developing to the extent that it rendered water unfit for irrigation in South Dakota and other inter-mountain States. Desalting ocean water, of course, was the major objective.

Now the point that was made last year as to whether we were scattering the funds too much in driblets rather than concentrating on large contracts.

The program that was adopted with the rather limited funds was to concentrate on the two major objectives; and we have done that. And the small amounts that were alloted to University of California, for instance, in a cooperative program and 1 or 2 other small allotments were along the line of what you might call seeding or encouraging attention to ideas which our technical people felt might develop into something tangible. It was felt that through cooperation with universities and colleges we are getting more through "seeding" than we could if we were to put all the funds into one basket so to speak.

Now, from my observations of the program since it started, progress is being made. And this field test proposition that is now being approached is going to show some really tangible results, that we hope will be satisfactory to the committee, and that by next year we will be able to show the committee that the processes that Mr. Strobel described when put to field tests will confirm the lowering costs.

Now, since Mr. Budge raised his eyebrows at the $4 an acre-foot demineralization cost, that is a problem. Even $4 an acre-foot in South Dakota is pretty expensive irrigation water. And in Idaho, if we had that same problem—I don't know exactly what the salt content of water in Idaho might be but I would say that probably it is a little more than in South Dakota. But the fact that we have gotten it down even to that figure of $4 per acre-foot for the low salt content water in South Dakota is substantial progress if verified by the field test proposed.

The field test approach, to the mind of those of us who observed the program and kept in close touch with it, is the next important development that we believe will produce tangible results.

PILOT PLANTS

Mr. BUDGE. Mr. Lineweaver, first I would like to comment. I understand the value of water in South Dakota and in Idaho fairly well. I was simply trying to find out where you got three figures, from $4 to $12 to $40.

Well, forget about that for the minute. I happened to be a member of the legislative committee at the time this legislation was considered. You were the chief witness for the Bureau of Reclamation. I think you will recall that the biggest objection that the committee had to your project was that you wanted to build a pilot plant to demonstrate the feasibility of converting salt water into fresh water for domestic use. The committee didn't accept your idea. All of that type of authorization was stricken from the legislation.

Now as I look at your program here you have for fiscal 1955 scheduled just exactly what the legislative committee didn't want you to do, in that you are building this one unit, this so-called 10-stack unit, and spending $125,000.

I assume that the $50,000 item, the $90,000 item, and the $40,000 item, would also relate to a pilot test of some kind, not necessarily changing salt water to fresh water for domestic use.

I am satisfied the legislative committee would not ask this committee to appropriate funds for the building of pilot plants.

Mr. LINEWEAVER. Mr. Budge, my own view is, which Mr. Jenkins and Mr. Strobel can verify, a field laboratory test is merely transferring to the field laboratory activities which have been carried on within doors and that this does not by any stretch of the imagination approach a pilot-plant proposition such as was proposed in the original legislation.

By confining the operation to a theoretical indoor laboratory proposition, where you don't have the climatic and other conditions with which you are confronted in the field, that you would not be doing the job unless you did have a field test to show in a limited way what the results of the operation of the laboratory development was in the field as compared with the indoor proposition.

HISTORY OF WATER DEMINERALIZATION PROGRAM

Mr. BUDGE. Mr. Chairman, could I ask that this be submitted for the record, a statement as to what it cost in the separate categories that have been referred to here this morning to demineralize or desalt the water before this program went into operation and what it costs now and in what way this program contributed to a reduction, if any?

Mr. JENSEN. Without objection.

(The statement referred to is as follows:)

The saline water conversion program was authorized by the Congress and the initial appropriation was made a year and a half ago, in July and August, 1952. Only 6 months have elapsed since the first regular appropriation was made. Time, is therefore, an important factor in considering progress made toward bringing about lower costs of demineralizing brackish water or desalting ocean water.

One of the Secretary's Advisers who has had very extensive experience in research and development work as the head of a large research institute, has made the following suggestion as to the progress which might be expected as to this program. (Senate Appropriation hearings on S. 4828, Interior Appropriations, 1954, pt. 1, p. 501.) "As to the magnitude of the program, my own guess is this, that the low cost large scale reclamation of sea water is something that we may be able to accomplish 15 years from now. In the 5 years that have been allocated to this program, we certainly should know whether or not we might hope to accom-

plish it in the remaining 10 years. If we find out in those 5 years that we can't, naturally we stop there."

The best military units operate today at virtually the same cost as in 1941. The past year and a half has been used to lay a sound scientific plan of research and to initiate it, so that another 12 years will not elapse without major reductions in costs of water for irrigation, industrial, or domestic uses in large quantities. To this end marked progress has been made, as follows:

At the time the program was initiated a number of processes for obtaining fresh water from salt water were in use. However, the cost of water by any of those processes as discussed below was far too high to compete with the cost of water from natural sources.

COSTS, 1952

1. *Vapor compression distillation.*—This process was the most efficient for producing fresh water from sea water. Extension field operating data available made it possible to firmly estimate that large-scale water production costs would be $1.25 to $1.50 per thousand gallons ($400 to $500 an acre-foot).

2. *Multiple effect evaporation.*—It was estimated that the cost of multiple effect evaporation would be somewhat higher than that for vapor compression, with the possibility that costs might become very close for the two processes in a very large scale plant.

3. *Ion exchange.*—This is a commercial process used extensively for demineralizing water of low initial salt content. Where the water has an initial concentration of as much as one-tenth that of sea water, the demineralized water cost exceeds that of distillation.

4. *Solar evaporation.*—Small-scale experiments had been carried on in the use of solar evaporation as a means of producing fresh water. Based on small-scale tests, various research workers made estimates of the cost of producing water on a large scale by this method. The estimates range from $1.50 to $5 per thousand gallons.

5. *Ion transfer membrane demineralizer.*—Several industrial firms were conducting laboratory research of such membranes and their application. Small-scale laboratory tests had been made by Ionics, Inc., and by Rohm & Haas Co., which indicated promise for the application of the process particularly to brackish waters (saline waters having appreciably less salt than sea water) with the cost of demineralizing a specific water from 900 parts per million to 350 parts per million estimated at $16 per acre-foot.

APPROACHES TO PROBLEM

There were two research and development approaches which could be used in the attempt to develop practical low cost means of producing fresh water from sea water or other saline waters. One was to make improvements in processes already in use, and the other was to develop entirely new processes based upon scientific principles or phenomena not heretofore used for this purpose. The difficulties of developing economical saline water conversion processes and the importance to the Nation of finding a solution to this problem necessitated concurrent use of both approaches. This meant that the entire field of potential separation processes had to be studied and investigated in order to determine which might have some chance of application and which did not.

PROGRESS

1. *Vapor compression distillation.*—As a result of initial progress on 3 contracts under this program and 1 private development on which the program has been supplying data, it is now clear that improvements can be made in the efficiency of this process, and several specific factors which can be improved have been identified. Contracts with Heinz Engineering Co. and Yale University and New York State University contribute to these results. As a result of these initial researches it is now clear that the Department will be justified in allotting a considerable portion of available funds to the development of a revolutionary vapor-compression-still design. These new designs show promise of greatly reducing the present water cost of $1.25 to $1.50 per thousand gallons, possibly by one-half or two-thirds. Without the initial work this more important and more extensive development could not have been justified.

2. *Solar evaporation.*—Demineralization of saline water on a large scale by solar evaporation is attractive because of the minimum energy costs and lack of depletion of fuel resources. The results of the contract research work carried on

so far under this program shows clearly now that low cost water by this method will be possible by reduction of the high capital investment cost of equipment, and that efforts under the program should be—and will be—concentrated upon developing low cost equipment, such as by use of plastics, etc. These contracts include work in the University of California, Battelle Memorial Institute and research by Dr. George O. G. Löf of Denver, Colo.

3. *Ion transfer membrane demineralizer.*—During the testing and development work under one contract the cost of reducing the salinity of the specific water mentioned earlier from 900 parts per million to 350 parts per million was lowered from $16 to $4 per acre-foot.

Results of the work of Ionics, Inc., on the contract with the Department have proven the technical feasibility of producing usable water both from brackish water and sea water. Based on laboratory tests, the possibility of economical production of fresh water from brackish water is good. It has been estimated that depending upon the initial salt concentration of the water, that brackish water can be demineralized on a large scale at a cost ranging from $4 to $20 per acre-foot. (The $20 per acre-foot pertains to water containing one-seventh as much salt as sea water.

The significance of these results can be realized when it is remembered that processing of the water by present distillation methods would cost $400 per acre-foot. The results of the membrane process are so encouraging that in order to determine the effect of field conditions and to provide a firm estimate of water production cost, field testing of larger capacity demineralizers than have been used in the laboratory are essential.

4. *Thermal difference.*—Through the work at the University of California which received a grant under the program to continue its research, it has been clearly shown that the utilization of naturally occurring temperature differences, such as that between warm surface ocean water and cold water from the depths is a definite possibility for low-cost production of fresh water from sea water by evaporation.

OTHER POTENTIAL PROCESSES

Many new research proposals have been received for investigation of potential separation processes. Those which study and evaluation showed some possibility of eventual success are being investigated under research contracts. Among these are development of synthetic osmotic membranes and their application by Drs. Reid and Eirsness of the University of Florida; research on solvent extraction processes by Drs. Hood and Harwell of the Texas A and M Research Foundation; development and testing of ion selective and ion specific membranes by Dr. H. P. Gregor of the Polytechnic Institute of Brooklyn, New York; and research on extraction of fresh water from sea water in supercritical state at the Nuclear Development Associates' laboratories. All of these undertakings in small exploratory research are essential to ascertain the potentialities of the process, because it is not yet certain that any of the other methods will solve the problem. Such types of work are at the frontiers of science. Progress will be slow but the rewards will be great if practical processes eventually result.

Continued study and evaluation of potential separation processes have resulted in identifying certain processes which offer little prospect of success, either because of seemingly insurmountable high-cost factors, or because of unsuitable application of the physical or chemical principles involved. These include chemical precipitation methods; conventional electrolytic applications; streaming potential and thermal diffusion.

A number of other potential processes are considered to be unlikely possibilities, whereas still others need additional investigation so that decisions can be made as to their application. The following table which has been prepared as a result of the studies and research so far marks a milepost in distinguishing the more favorable appearing processes from those having lesser possibilities as they appear from results so far.

SALINE WATER CONVERSION PROGRAM SEPARATION PROCESSES

Good possibility:
- Vapor compression distillation
- Electric membrane
- Solar evaporation
- Thermal difference (special locations)
- Freezing out

Some possibility:
- Osmotic (membrane) methods
- Immiscible liquids (solvent extraction)
- Multiple-effect evaporation (combinations, also)
- Separation above critical temperature and pressure
- Adsorption of ions (with thermo-osmosis)
- Ion-exchange
- Utilization of waste heat
- Electro-gravitation

Poor possibility:
- Chemical precipitation
- Electrolysis
- Streaming potential
- Utilization of atomic energy
- Thermal diffusion

Unlikely possibility:
- Crystallization of salts
- Sublimation
- Adsorption of water
- Hydration
- Electrostatic effects
- Electromagnetic effects
- Utilization of wind power
- Utilization of atmospheric heat

Insufficient evidence to judge:
- Ultrasonics
- Ultra high-frequency currents
- Utilization of marine energy
- Utilization of geothermal energy

Mr. STROBEL. Could I make one comment in regard to your question, Congressman Budge?

The estimates on this ionics process were made estimating on the supposition that you were going to produce 75 million gallons per day. Now if you were to build a plant to produce 75 million gallons per day, that would be a demonstration plant. But what we are proposing is something to get engineering data which is necessary to make the cost estimate which will do maybe a maximum of 100,000 gallons a day. So the difference between 100,000 and 75 million——

Mr. BUDGE. In that connection, I would simply like to call the chairman of the committee's attention that the first picture in the Secretary's second annual report shows a plant built by Westinghouse Electric Corp., operated for the Gulf Oil Co., which now desalts 720,000 gallons a day.

Mr. STROBEL. Yes, sir; and that process, if it was put into this country—that evaporation process: the water would cost in the range of $400 to $500 per acre-foot.

In other words, that process is developed, but it is no good for what we want.

Mr. BUDGE. I understand that. But I would like to have just what progress has been made. I have read the justification in detail. I have heard the comments of Mr. Jenkins. And I have also gone

through the secretary's annual report. And that information is not in there, in any of them.

Mr. LINEWEAVER. All right, sir, we will get you that.

Mr. JENSEN. Who will these facilities belong to after they are built?

Mr. JENKINS. Mr. Chairman, the authorizations that I understand Mr. Budge commented on does not include the building of any plants.

Mr. JENSEN. It doesn't?

Mr. JENKINS. No, sir. We were specifically prevented from building plants.

FIELD UNITS

Mr. JENSEN. What about the field units you are talking about?

Mr. JENKINS. Oh. This field unit, which by the way will be mounted on a trailer and can be used in areas, South Dakota and other places——

Mr. JENSEN. Well, it is portable then?

Mr. JENKINS. Yes, sir.

Mr. JENSEN. It would be the property of the Government?

Mr. JENKINS. Under the present contract, that is the contract that is being negotiated, there is a purchase clause in addition to the funds needed for the research and development which gives the Government the right to purchase at a specified sum if it wishes to do so. That has been a matter of a great deal of negotiation. But ordinarily, the equipment that is developed, whether it is a laboratory test tube, or a larger piece of equipment, is retained by the contractor, just as a steam shovel would be retained by the contractor building the dam.

Mr. JENSEN. And when his contract expires, that property will be owned by the contractor?

Mr. JENKINS. Yes, sir; usually, just as it would in most contracts.

VALUE OF RESEARCH INVESTMENTS

Mr. KIRWAN. The Navy does this kind of work, do they not?

Mr. JENKINS. Yes, sir.

Mr. KIRWAN. The only trouble is that it is too expensive?

Mr. JENKINS. Yes, sir.

Mr. KIRWAN. Now you say that you showed progress this year. Mr. Lineweaver said you showed good progress. And the idea of the schools going in was to stop the Government from building the laboratory or whatever it may be. They already have the laboratories in the universities.

Mr. JENKINS. Oh, yes.

Mr. KIRWAN. They have the brains there now?

Mr. JENKINS. Yes, sir.

Mr. KIRWAN. Now, there is no doubt the Navy can do it now, take the salt out of the water. They are drinking it on boats going to Europe. The water is A–No. 1 for drinking, but it is too expensive.

We do know this, that helium sold for $2,200 a cubic foot. Now you can get a million feet of it for a dollar. Now, there is the answer there. And it is a much harder thing to take helium out of the gas, but they accomplished it.

Well they can now take millions of cubic feet of it for a couple of dollars. It all came through experiments, just like this experiment stage on saline water. Those laboratories that you contracted with or the universities: At the end of next year, if they have anything on the ball at all, they should come up with something. If they can't, then it is time to go into some other university, it is time for a change. But I honestly think that this program that you are in is going to be successful, that this project some day will be worth a million times the few dollars that you spend on it.

MONDAY, JANUARY 25, 1954.

SOUTHWESTERN POWER ADMINISTRATION

OPERATION AND MAINTENANCE

WITNESSES

FRED G. AANDAHL, ASSISTANT SECRETARY FOR WATER AND POWER
DOUGLAS G. WRIGHT, ADMINISTRATOR

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$1,450,000	$1,600,000	$1,030,000
Transferred to "Salaries and expenses, defense production activities, Interior," pursuant to Public Law 207		−40,000	
Adjusted appropriation or estimate	1,450,000	1,560,000	1,030,000
Balance transferred from "Construction, Southwestern Power Administration," pursuant to Interior Department Appropriation Act, 1955			520,000
Total available for obligation	1,450,000	1,560,000	1,550,000
Unobligated balance, estimated savings	−341,152	−210,000	
Obligations incurred	1,108,848	1,350,000	1,550,000
Comparative transfer from "Continuing fund, Southwestern Power Administration"	122,867	1,200,000	
Total obligations	1,231,715	2,550,000	1,550,000

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
1. System operation and maintenance	$584,040	$720,000	$610,000
2. Power marketing	91,769	85,000	75,000
3. Purchase of power and rental of facilities	122,867	1,200,000	450,000
4. General administration	433,039	545,000	415,000
Total obligations	1,231,715	2,550,000	1,550,000

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Total number of permanent positions	215	249	178
Full-time equivalent of all other positions	1	7	7
Average number of all employees	197	224	180
Average salaries and grades:			
General schedule grades:			
Average salary	$5,020	$5,246	$5,544
Average grade	GS-7.0	GS-7.3	GS-7.7
Ungraded positions: Average salary	$3,606	$3,608	$3,875
01 Personal services:			
Permanent positions	$895,188	$1,042,835	$860,875
Other positions	2,829	15,000	15,000
Regular pay in excess of 52-week base	4,748	4,640	3,325
Payment above basic rates	26,907	24,600	24,800
Total personal services	929,672	1,087,075	904,000
02 Travel	62,331	117,000	82,000
03 Transportation of things	5,876	14,000	3,500
04 Communication services	22,216	25,000	22,000
05 Rents and utility services	11,641	15,000	13,000
06 Printing and reproduction	2,938	5,000	3,000
07 Other contractual services	133,925	1,216,000	464,000
08 Supplies and materials	60,680	68,825	37,400
13 Refunds, awards, and indemnities	10	100	100
15 Taxes and assessments	2,426	2,000	1,000
Total obligations	1,231,715	2,550,000	1,550,000

ANALYSIS OF EXPENDITURES

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year	$71,542	$83,188	$95,200
Obligations incurred during the year	1,108,848	1,350,000	1,550,000
	1,180,390	1,433,188	1,645,200
Deduct:			
Adjustment in obligations of prior years	2,519		
Unliquidated obligations, end of year	83,188	95,200	185,200
Total expenditures	1,094,683	1,337,988	1,460,000
Expenditures are distributed as follows:			
Out of current authorizations	1,025,766	1,254,800	1,364,800
Out of prior authorizations	68,917	83,188	95,200

Mr. JENSEN. The committee will please come to order.

We are pleased to have with us this morning the Assistant Secretary of the Interior, Mr. Fred G. Aandahl, who will discuss with us, in conjunction with Mr. Douglas Wright, the Southwestern Power Administration budget request for fiscal 1955.

Governor, do you have a statement you would like to make?

Mr. AANDAHL. I do not have a prepared statement, Mr. Chairman, but I have two matters that I would like to bring to the attention of the committee.

Mr. JENSEN. Very well, sir, you may proceed.

SURVEY REPORT

Mr. AANDAHL. The first item that I want to bring to the committee's attention is to inform you that we have had a survey team checking Southwestern Power Administration. That survey team was made up of Alexander J. Paull, whom we borrowed from the Cleveland Electric Illuminating Corp. His address is 2245 Riverside Drive,

Lakewood 7, Ohio. We also had on the team Roy Martindale, retired, and he was formerly with the department of water and power in the city of Los Angeles. And then one of our own staff members, Mr. Arthur Vieregg, who is a member of the Technical Review Staff in the Department of the Interior. They spent a little more than 3 weeks studying the problems in the Southwestern Power Administration area and have submitted a report. That report is now in my desk, but at the departmental level we have not had an opportunity to study it yet and we do not know just what parts of it we are going to recommend for activation. But we do expect that——

Mr. JENSEN. You will have that recommendation to us before we mark up the bill?

Mr. AANDAHL. I hope that we will have it for you before the bill is marked up. We intend to get at it just as quickly as we can, but there are a number of problems that the Department has to check pretty carefully before moving on a report of that kind. We will make our recommendation and the report available to you just as soon as we have acted on it.

Mr. JENSEN. I ask that question because it is quite possible that the report and your analysis of it may affect the amount this committee will allow Southwestern Power Administration for fiscal 1955.

Mr. AANDAHL. There is no question but what there is a direct relationship. That is the reason I wanted to call it to your attention at this time. Just what it will amount to I don't know at the moment, sir.

Mr. FENTON. Will that be recommendations for increased appropriations?

Mr. AANDAHL. I am inclined to think that if there is any change it will be the other way.

Mr. FENTON. The reason I asked that, Mr. Chairman, is because if we should go on with hearings before we do get those up to the minute justifications, we may be wasting time.

I have in mind the Bureau of Mines who should bring in a report on regionalization and the like. It isn't as though they don't know in time that we want it because the last 2 or 3 years we have been harping about it, and from the reports on regionalization, organization, and so forth, we are led to believe that nothing is going to happen until these hearings are over.

It seems to me this is a case of looking backward instead of forward.

Mr. AANDAHL. I might say by way of explanation that in that area of the Department of the Interior for which I am Assistant Secretary, we have made a survey of the Bureau of Reclamation. The Secretary has acted upon the report of the survey committee and our reorganization is pretty well under way and the budget request that will be made here will be in line with that reorganization program which is quite substantially accomplished at the present time.

Now, after we finished with that we started the survey on Southwestern Power Administration. We really had intended to do Bonneville second, but we were not quite ready to move in the Bonneville area so we got our team busy on Southwestern Power. We expect to have our report ready on Southwestern Power in a reasonably short time. We are just in the process of looking for a team to survey

Bonneville Power Administration. I don't suppose that report from the survey team will be in inside of 2 months. It will be a couple of weeks before the survey team is selected. It will take them quite a while to survey Bonneville because it is a large organization, as you well know; but there is no question but what these reports will have some modifications on organization and the work being done in these areas, and will have a close relationship to the budget that is allowed. We are trying to move on this just as speedily as we can. But you realize we have not been over there too long and it takes just about so long to do these things.

Mr. FENTON. I am not just making that statement because you are here today, Governor, but is seems to me that we of the House Appropriations Committee are kicked around. In my estimation, those reports will not be forthcoming while we are having hearings. Then when the Senate has hearings they have all the benefits of the investigations and reports and it makes us look like 2 cents. That is my opinion. I am getting tired of being kicked around in that way. I think you ought to be prepared to give the House committee the benefit of these reports. The House committee is just as important as any other committee of the Congress, and I think your people ought to be prepared to give us the benefit of knowing what is going on. I want the Department downtown to know that. I for one member of this committee resent that kind of action.

Mr. AANDAHL. I want to assure you, Dr. Fenton, that we are in no way trying to withhold information. We are preparing it just as rapidly as we can; and the budget request that has been prepared by Southwestern Power Administration reflects the reorganization that the Administration is making and the reduction that it is making in personnel on its own volition.

Now, in addition to that, there may be some further directive coming from the Department, and when I say "the Department," I mean the Secretary and the Assistant Secretaries in the Department of the Interior. What we recommend will be based to a large extent on the information that was given us by the survey team that we had go out there and survey the Southwestern Power Administration. Those folks who constituted the survey team were carefully picked: Mr. Paull representing a large private industry, and Mr. Martindale representing public power, or rather coming from public power in the city of Los Angeles, and I think we have a very fine report from these folks on what can be done to give us more efficient organization and administration in the Southwestern Power area.

Mr. FENTON. I do not care what their report is going to be, whether it is up or down as far as appropriations are concerned; but we should have the benefit of something definite when we act here; that is my point.

Mr. AANDAHL. There is no question about that, and we will try to get it to you just as fast as we can.

Mr. JENSEN. If the committee desires, will you be available for additional hearings after the report is submitted?

Mr. AANDAHL. Yes, Mr. Chairman, we will be available.

Mr. JENSEN. You will do everything you can to get the report and your conclusions to us?

Mr. FENTON. Before we mark up the bill, before the hearings are concluded.

Mr. AANDAHL. You say you expect to mark up the bill the latter part of February, Mr. Chairman?

Mr. JENSEN. Yes, sir; that is right.

Mr. AANDAHL. I am quite confident that the Department of the Interior will have made its recommendation and its directive on the report by that time.

Mr. BUDGE. In line with what Dr. Fenton has said, every agency about which the chairman questioned the Secretary and the Under Secretary and the other Assistant Secretaries who were before us last week, are also undergoing these surveys and I concur with Dr. Fenton. I do not see how the House committee can intelligently act upon appropriations until we see what your organizational arrangements are going to be. It is not only true of Southwestern Power; it is true of all of them. This committee recommended cutting down on the regionalization in the Bureau of Reclamation and there was a region abolished but about 3 weeks after Congress adjourned. It was reinstated as a result of the recommendation of a survey team. I think this committee is quite interested to know just what the organizational setup is going to be so we can make our appropriations to fit them.

Mr. AANDAHL. In the case of the Bureau of Reclamation, we have determined the reorganization plan and it is reasonably well accomplished at the present time. You will have all of that information when you hear the report in connection with the budget request for the Bureau of Reclamation.

Mr. BUDGE. That seems to be the only one which has been completed so far as the committee has been advised.

Mr. NORRELL. If I understood you correctly, you will supply us with a report before we finish with hearings?

Mr. AANDAHL. The report of the survey team is in my desk now. It came within the last few days and I have glanced through it, but before we take any action on it we have to check and see what we think it advisable to do as far as the secretaries in Interior are concerned. Then we will issue a directive to put into effect any adjustments that have been suggested in the survey team's report.

If we agree with them and if we feel they will be helpful in the organization. I am sure we all realize that we at the secretarial level cannot move too fast; we just have to have a few days to look at it.

Mr. NORRELL. I can realize that, but at the time you issue your directive, I assume the committee will have a chance to be familiarized with the report.

Mr. AANDAHL. As soon as the directive is issued, it and the report will be public information and will be available to the committee and anybody else who wants to see it.

Mr. KIRWAN. Will you tell us again who is on your survey team?

Mr. AANDAHL. This team was made up of Alexander J. Paull, who is with the Cleveland Electric Illuminating Co.

Mr. KIRWAN. That is in my district.

Mr. AANDAHL. The other person is Roy Martindale, retired, and he was formerly with the department of water and power of the city of Los Angeles. He comes from a public power organization.

Mr. KIRWAN. What public power agency was he with, Mr. Aandahl?

Mr. AANDAHL. He was with the department of water and power of the city of Los Angeles.

Mr. KIRWAN. He was not with the Federal Government but with a municipality, the city of Los Angeles? I do not know whether or not they have public power there.

Mr. AANDAHL. Yes; they get power from Hoover Dam.

Mr. KIRWAN. They get it right at the bus bar; they do not get it the way others get public power throughout the nation.

I thought there would be somebody appointed from a Government agency.

Mr. AANDAHL. The third man was Arthur Vieregg who is a member of the technical review staff in the Department of the Interior.

Mr. NORRELL. Can you give us a broad guess as to about when you may reach your decision on the recommendation? I will not hold you to it.

Mr. AANDAHL. It should be available within 3 weeks.

INTERIM CONTRACTS WITH GENERATING AND TRANSMITTING COOPERATIVES

Mr. AANDAHL. The other thing that I want to bring to the attention of the committee is a brief statement of what we have been doing with the five G. and T. cooperatives. The Southwestern Power Administration was to lease and operate their transmission systems and buy the steam output of the steam plants that the G. and T.'s had. Those contracts were made inoperative because the Appropriations Committee in its report allowed a $1,200,000 continuing fund appropriation but made it unavailable to implement those contracts. We were authorized to use the $1,200,000 on an interim basis until such time as the G. and T.'s and the utilities down there could work out an integrated arrangement under which their problems could be handled in a manner different than was provided for in those contracts which are inoperative. There were two of the G. and T.'s, the Central G. and T. in Missouri, and Western Farmers in Oklahoma who had advanced far enough in their construction program so they are in operation at the present time.

Mr. JENSEN. By that, you mean REA?

Mr. AANDAHL. G. and T. are the generating and transmitting REA's. They are a sort of supercooperative. They are made up of several distributing co-ops as members.

Now, under these interim contracts, we sell the G. and T.'s as much Federal hydropower as they need at the regular rate schedule.

Mr. JENSEN. How much is that?

Mr. AANDAHL. That rate schedule, I believe, is $1.35 per kilowatt per month with 200 hours of energy.

Mr. JENSEN. Is that right, Mr. Wright?

Mr. WRIGHT. First 200 bours, average 6.75 mills; all the rest of it is 4 mills. At the load factors that cooperatives take it, it is about 5.6 mill rate per kilowatt-hour.

Mr. AANDAHL. Then, for this hydropower that goes into the G. and T. systems, we pay them 2 mills per kilowatt-hour of wheeling to bring that power to the delivery point of the distributing cooperatives that constitute their memberships. We buy from the Central Cooperative a limited amount of the steam power that it generates at 6.4 mills.

Mr. BUDGE. Could I interrupt there for just a moment? This 2-mill wheeling charge; is that for transmitting the power to themselves?

Mr. AANDAHL. It is for transmitting the power over the supercooperative's transmission system to the distributing co-ops that retail it. Thus the supercooperative is really placed in the same position as a private utility that might be wheeling the power.

Mr. BUDGE. But actually, the supercooperative is composed of the component REA's, is it not?

Mr. AANDAHL. There is an interlocking membership there, yes.

Mr. BUDGE. So they are actually getting 2 mills for wheeling power over their own lines to themselves with the thought that you have an additional entity in there being the supercooperative?

Mr. AANDAHL. For the record, I like to hold those two entities as somewhat distinct rather than saying that we pay it to them for wheeling it for themselves.

Mr. BUDGE. But that is what it amounts to?

Mr. AANDAHL. That is what it amounts to. We buy from the Central cooperative a limited amount of its steam power for the purpose of firming and integrating with our hydro at the rate of 6. 4 mills. We buy a limited amount of power from the Western Farmers at 5. 5 mills.

Now, I want to report to the committee that in this wheeling fee of 2 mills, and in the arrangements even for the purchase of steam power, we have been very liberal with the G. and T.'s under these interim contracts. We have felt justified in being liberal in these interim contracts because of the fact that the co-ops proceeded with their construction, with their investment down there, with the understanding that they would be operating under these contracts that they had duly signed at the time that they went about their construction, but which are inoperative at the present time. We felt we had some obligation to help them along during this interim period. So these figures I have given you about the interim contract are liberal figures and they are different than they would have been had we had been starting from scratch on a clean slate and working out an agreement with them. But I also want to again repeat that these are just interim contracts and they terminate on the 28th of February, the date that the use of the continuing fund for this purpose is terminated by the committee report.

Mr. JENSEN. I believe you recommend a mill and a half for wheeling charges for the next fiscal year, do you not?

CONTINUING FUND EXPENDITURE AUTHORIZATION

Mr. AANDAHL. Yes. At this time I would like to tell the committee that I feel this $1,200,000 that we have in the continuing fund, and which we are permitted to use in these interim contracts up until February 28, should be extended so we can use it for this same purpose until the end of the current fiscal year.

NEED FOR CONCLUDING INTERIM ARRANGEMENTS

Mr. JENSEN. Now, let me ask you this, Governor. These arrangements which you have made, these wheeling charges which you have paid to the REA's, and in fact the entire setup as it now operates in

the Southwest Power Administration, would you say it has met with general satisfaction among the REA's and everyone concerned?

Mr. AANDAHL. Everyone concerned? This interim arrangement is not satisfactory and I do not think that the REA's could live under this kind of an arrangement for an extended period. They must work out contracts with the private utilities so that there is a full integration and a maximum use of the facilities that the REA's have. That is in the process of negotiation right now. But such an integration contract cannot be completed by February 28.

Mr. JENSEN. Can it be completed by July 1?

Mr. AANDAHL. I think it will.

Mr. JENSEN. Do you think it can, Mr. Wright?

Mr. WRIGHT. I think there is a reasonable opportunity that it can and I think by July 1 the loads of these G. and T. co-ops will assume such proportions that they can live without us doing what the gentleman said, paying them wheeling on their own power by basic rate adjustment. In other words, what caused all this, Mr. Chairman—I believe I can help the situation if we get a little timing in here.

The actual congressional action that occasioned this thing happened on the 28th day of July so that by the time we got together to try to figure out what to do in the interim period to meet the direction of Congress, we were about in the month of September and October. This interim contract was designed to utilize, as the Secretary visualized that Congress intended us to utilize this, to help the cooperatives until they could get a permanent type of arrangement, with all the people recognizing that the cooperative probably could not live under it permanently and neither could we live under such an arrangement as this on a permanent basis. But in making the permanent type arrangement as the Secretary has pointed out, it is impossible to complete the negotiations by the 28th of February because they involve all of the utility companies in the area and all of the co-ops and other people, and permission is requested to allow this interim arrangement, with no commitment toward permanent type operation, to go to the 28th of February. Then if you will note in this year's budget, we have requested funds only to pay wheeling charges for power to customers other than the G. and T. co-ops that would be moved over the G. and T. lines of which there are about six. The cities of Poplar Bluff, Sikeston, Springfield, Hermann, the Altus Air Force Base, and the city of Anadarko are the only ones which would be paid in G. and T. co-ops in the coming fiscal year.

Mr. JENSEN. At a mill and a half.

Mr. WRIGHT. At Poplar Bluff and Sikeston, it would be a mill and a quarter.

Mr. JENSEN. Would Norwood, Springfield, and Hermann be served a mill and a half for wheeling?

Mr. WRIGHT. That is our estimate of what the cooperative certainly feels is tops.

ESTIMATED EXPENDITURES OUT OF CONTINUING FUND

Mr. AANDAHL. Now, the committee might be interested to know that out of $1,200,000 that we were given in the continuing fund appropriation for the current fiscal year, we had certainly either spent or obligated $314,000 to the G. and T.'s to carry us up to Febru-

ary 28. It is going to require about another $100,000 to take care of wheeling and firming with private utilities, aside from our relationship with the G. and T.'s. So out of the $1,200,000, we have presently obligated $414,000 in approximate figures.

Mr. JENSEN. Do you think that is all you will spend up to July 1?

Mr. WRIGHT. Up to February 28.

Mr. AANDAHL. Up to February 28 with the G. and T.'s and up to July 1 with the private utilities. We would like to have permission, to be privileged to use whatever we need of the remainder of the $1,200,000 to continue these interim contracts with the G. and T.'s up until July 1.

Mr. JENSEN. What do you estimate that will amount to?

Mr. WRIGHT. We made a total estimate of $780,000. I think that amount will take care of it until the end of June, which would be 4 months.

Mr. JENSEN. So you estimate that you will have to spend approximately, or a little over $780,000?

Mr. WRIGHT. I would say so.

Mr. JENSEN. Up to July 1, out of the $1,200,000 which the Congress allowed for this purpose?

Mr. WRIGHT. That is right.

Mr. JENSEN. In this fiscal year?

Mr. AANDAHL. Yes, sir.

Now, I do not know just what will be necessary to authorize us to use this continuing fund beyond February 28 if the committee decides that it is advisable for us to do it. It could hardly be handled in the report for the next year.

Mr. JENSEN. You say it could not?

Mr. AANDAHL. It could hardly be handled that way because there is a need to start spending this additional money right after February 28; and at the moment, we have no authorization to spend this continuing fund in connection with G. and T. contracts after February 28.

Mr. JENSEN. Matters of that nature are generally handled by a letter from the Senate committee and House committee approving such procedure. It has been done in other cases where an emergency is involved, and where the Congress will not act until after the date when the former directive, the directive of the last Congress runs out. I see no reason why the Interior Appropriations Subcommittees of the House and the Senate could not handle this by simply approving the request in a letter to the Department of the Interior, or to you, Mr. Aandahl.

Mr. AANDAHL. Would you suggest, then, that we send you a letter requesting authorization to use the continuing funds in that manner?

Mr. JENSEN. Mr. Kirwan, what would you say in that respect?

Mr. KIRWAN. That the committee give them permission?

Mr. JENSEN. Yes; that we consider it, anyway.

Mr. KIRWAN. I think so, yes.

Mr. JENSEN. We shall not today say definitely that we will do that but this committee will take the matter under advisement, and we would like to have a letter from you setting out the situation as it exists on which this committee will take action pro or con. I would suggest that you also send the Senate committee a letter and state that you have sent a similar letter to the House committee. Ask the Senate committee to advise you as to their position in the matter.

Mr. AANDAHL. We will prepare such letters and have them up in a few days.

Mr. JENSEN. Is that agreeable to everyone?

Mr. KIRWAN. It is agreeable with me.

Mr. BUDGE. Yes. I would like to ask a question.

WHEELING RATES

Governor, for some years back the Bureau of Reclamation has limited its wheeling payments to 1 mill, as I understand it. Do you feel that on a permanent basis more than 1 mill should be permitted in this area when it is not permitted anyplace else in the United States?

Mr. AANDAHL. We are varying circumstances in the wheeling contract with the Virginia Electric Power Co. which has a contract under Southeastern Power Administration, 1 mill of wheeling is paid for the first 100 miles, and a mill and three-quarters is paid for a distance between 100 and 150 miles.

Mr. BUDGE. But the Bureau of Reclamation does not absorb any more than 1 mill?

Mr. AANDAHL. That is correct, in the case of the Bureau of Reclamation. But in Southeastern Power, we have this other situation and I feel that we can recognize conditions under which you might have a graduated wheeling allowance.

Mr. JENSEN. There is no specific statute against it?

Mr. AANDAHL. As far as I know, there is not.

Mr. JENSEN. It is a custom. It is a rate that has been set by mutual consent.

Mr. BUDGE. Mr. Chairman, in the Missouri Basin, for example, the REA's are limited to a 1 mill wheeling adjustment by the Federal Government. I am just wondering why it would vary in other areas.

Mr. JENSEN. I think the Governor explained that quite fully when he said the original contract between the REA's and the Southwestern Power Administration has been nullified, that the Department had more or less leaned over backwards to be liberal to the G. and T. REA's in that area.

Mr. AANDAHL. That is correct with respect to this interim contract that is presently operative.

Mr. JENSEN. That is right.

Mr. BUDGE. I am talking about the permanent basis on which you will place it. You are paying 2 mills now.

Mr. AANDAHL. I should probably mention that Interior has four power marketing agencies: Reclamation, Bonneville, Southwestern, and Southeastern, and that there has not been necessarily complete uniformity in the way that the power has been handled in each of those areas. There is some variation and I think some variation is justified, depending on the circumstances and conditions with which we are working. The Bureau of Reclamation has extensive transmission lines of its own and many of those transmission lines reach out a long distance from the trunk system interconnecting the hydroplants and reach out to load centers; then we allow a mill wheeling to that center. For other distances we have the postage stamp rate and we allow a mill of wheeling in addition to that total amount of wheeling that the Bureau of Reclamation is doing under some cir-

cumstances, under the postage stamp rate, and that is equal to the 2 mills that we are allowing under these interim contracts. I believe in the Missouri Basin the estimated cost of transmission including the cost to the Bureau over its own system, plus the 1 mill of wheeling that it pays, runs up to, and I am using just a very rough estimated figure now, runs up to a mill and a half or more in the Missouri Basin, although we have only 1 mill as the amount that we actually pay for wheeling.

Mr. JENSEN. That is due to the cost to the Bureau of Reclamation in wheeling the power over its own transmission lines to a far-distant load center.

Mr. AANDAHL. That is correct.

Mr. JENSEN. What do you pay the private utilities for wheeling power?

Mr. AANDAHL. I believe I will have to ask Mr. Wright to answer that question.

Mr. WRIGHT. A mill and a quarter plus allowance for capacity and we estimate that a mill and a half met the direction of the Congress last year which, you remember, was to allow in your wheeling estimates as near what was common in the area as you could. And our engineers determined that a mill and a half for this next year's estimate was in line with the going price for wheeling there now, and is in line with the negotiations we have had with all of the utility companies. The Oklahoma contract, we pay a mill and a quarter and make certain allowance as to capacity. In the Texas contract we make exchange of capacity which we evaluate about a mill and a half to a mill and three-quarters. In the proposed 12-company contract we were talking a mill and a quarter plus allowance of capacity.

ADEQUATE POWER DISTRIBUTION

Mr. JENSEN. At the present time, can you tell the committee definitely, that no one has suffered from lack of power under the arrangements which you now have as against arrangements previously made?

Mr. WRIGHT. I can. And I do.

Mr. JENSEN. You can say that they are receiving power now?

Mr. WRIGHT. That is right. And it is largely through the tremendous efforts of Mr. Aandahl and my own staff to meet these interim arrangements and the tremendous efforts of the co-ops themselves—they made tremendous efforts to meet this situation in which they were placed—negotiated night and day.

Mr. JENSEN. How about private utilities? Have they cooperated?

Mr. WRIGHT. They were not a party to the interim arrangements. Could not be.

Mr. JENSEN. I realize that.

Mr. WRIGHT. They indicate that the co-ops in all cases are being or are actively, as the Secretary has pointed out, negotiating now with the private utilities toward permanent arrangement. The situation is a complex one and one that is going to take all of our brains to work out.

Mr. JENSEN. What I would like to know is, have the private utilities shown every inclination to cooperate in this new setup? They have not held any power away from the REA's or anyone else that should flow into this grid system?

Mr. AANDAHL. I think probably a brief statement of some of the steps that we took in Interior during the past few months will be helpful in answering that question. When we were faced with the problem of working out interim contracts to replace the inoperative contracts with the G. & T.'s, we felt that insofar as the G. & T. transmission lines came right up to Southwestern Power Administration's trunk system, and in no case did we need to wheel over a utility line to get Southwestern's hydro power into the G. & T. systems, that in our initial negotiations it would be inappropriate to ask representatives of the private utilities to come in.

We were attempting to do something to replace the inoperative contracts which were contracts between Southwestern Power and the G. & T.'s; and so at the first 2 or 3 conferences that I had with the G. & T.'s I asked only the G. & T.'s to come in. We worked on the basis of an interim contract under which the G. & T.'s could get hydro power from Southwestern Power, could be given a wheeling compensation for taking it to their distributing members, and under which we could go part way in absorbing the shock of their steam plants coming in, which in the initial stages had excess capacity over the needs of the G. & T.'s. We worked out that kind of an interim contract and did not ask the utilities to come in. Then for problems beyond that which dealt with long-range integration, and particularly in the case of Western Farmers, with the sale of some additional steam power that we were not able to handle in Southwest, we encouraged the co-ops to go out and contact the utilities and see what they could do. The reports that I have indicate that the utilities have responded satisfactorily to the attempts that the G. & T.'s have made to work out integration contracts and arrangements of mutual benefit between them. In the case of these G. & T.'s, for the moment there has been no need for wheeling any power from private utilities.

Mr. JENSEN. I understand.

Mr. AANDAHL. It only becomes a factor which you get into on overall integration which is necessary to the financial success of the G. & T.'s. That is the thing we are working on now and the reports that I have indicate a high degree of cooperation of what is being done. Although I have not been a party to any of those conferences so far.

Mr. WRIGHT. This much we know: The Oklahoma companies under the Oklahoma contract with the Government had no obligation to absorb thermal power in lieu of hydro power from us, but because of the drought situation and the excess capacity in Western Farmers plant in Oklahoma, the companies did agree to allow us to meet our commitments to them with this thermal power which helped labor, which helped co-ops, which helped everybody. As you may or may not know, the Grand River Dam project, in the State of Oklahoma, has been virtually shut down for 3 months. We have a Government project, Fort Gibson, on the river below this project which is dependent on that storage for its operation. It has not been operating be-

cause no water has been discharged from the GRDA project. I want to tell you that the Federal Government's lakes are not empty and they have not been operated in such a way that there is any jeopardy and nobody has lacked for power or service in spite of the tremendous problems we had during this last year.

Mr. JENSEN. That is very encouraging. I am sure that the members of the committee are glad to know that.

Mr. AANDAHL. That completes the information I wanted to give to the committee and I will ask Mr. Wright to take up the detailed budget request for Southwestern.

Mr. NORRELL. Could I ask the gentlemen one question? In this rearrangement that you discussed, will that mean that ultimately there is to be an increase in the sale of power to the consumers or the members of the REA in the area of the Southwestern Power Administration? What is your reaction to that?

Mr. AANDAHL. My first reaction is that it is not going to affect the volume of power that is sold—that is, the total hydro output will be available to the REA's.

Now, under the broadest and what I would want to call overall integration program that might be worked out, we might run into circumstances where a sizable amount of steam would be picked up from private utilities and worked in with the hydro and thereby the total amount of power sold to the REA's would be increased, but that would be the only respect in which there would be any difference in the volume of power that will be sold to the REA's under the arrangement that is in progress now over the arrangement that was contemplated under those contracts that are inoperative at the present time. Is that a correct statement?

Mr. WRIGHT. I agree with that; yes, sir.

STATEMENT OF THE ADMINISTRATOR

Mr. Chairman, I have a prepared statement.

The budget estimate of the Southwestern Power Administration for the fiscal year 1955 has been prepared on the basis that the Administration will operate and maintain only its own transmission system. This system consists of 1,004 miles of high voltage transmission lines and 13 substations. In accordance with the expressed intent of Congress the Administration will not operate and maintain the transmission systems of the generation and transmission cooperatives in the area. A small construction program will be undertaken in the fiscal year 1955, but the main emphasis will be in carrying out the operation and maintenance program.

In 1954 the appropriation granted by the Congress to the Administration for the purpose of carrying on the operation and maintenance program was $1,600,000. Also, an appropriation of $1,200,000 for the purchase of power and rental of transmission facilities was approved under the continuing fund. Due to the reduction in program for 1954 the Administration immediately placed $210,000 in reserve for estimated savings and transferred $40,000 to the Secretary's office for use under another appropriation and activity. This immediate reserving and transferring of funds in the amount of $250,000, from the operation and maintenance appropriation, was made possible, because the Administration had not expanded its program to the maximum in recog-

nition of the questioned legality of the contractual agreements with the generation and transmission cooperatives, the desires of Congress, and delay in completion of the cooperatives' systems.

The budget estimate for operation and maintenance for the fiscal year 1955 is $1,550,000, which includes $450,000 for the purchase of power and the rental of transmission facilities, compared with $1,200,000 in 1954, which in former years has been financed under the continuing fund of the Administration. Excluding this function the operation and maintenance estimate would be $1,100,000 in comparison with the $1,350,000 which it is estimated will be sufficient for the fiscal year 1954. This major reduction in the operation and maintenance program between the 2 fiscal years 1954 and 1955 has been accomplished by including in the program for the fiscal year 1955 only the essential functions which, in the opinion of this Administration, would enable it to (1) operate the transmission system without jeopardizing lives and property, (2) market the available power and energy in accordance with sound business principles, and (3) protect the rights and investments of its customers, which include rural electric cooperatives, municipally owned systems, Federal establishments, and private utilities. In order to reduce the amount of new appropriation required for the fiscal year 1955, it is suggested that a balance of $520,000 in unobligated funds be carried over from the construction appropriation and applied against the funds requested for the operation and maintenance program. The result of this action would enable the Administration to carry out its program under the proposed estimate of $1,550,000 but would require only $1,030,000 in new appropriations.

The budget estimate for construction of transmission facilities is $605,000. This estimate provides for service facilities to connect new customers to the existing transmission system and contemplates completion of the Administration's participation in the Arkansas, White, and Red River Basins survey. No new appropriation is being requested, as there are unobligated carryover funds which may be utilized for this purpose.

In summary, Mr. Chairman, the budget estimate of $1,550,000 for operation and maintenance is to cover the costs of operating and maintaining the Administration's own transmission system and the related power marketing and administrative costs. However, by the use of available carryover funds in the amount of $520,000, the new appropriation requested will be $1,030,000.

A request of $450,000, for purchase of power and rental of facilities, which is included in the estimate was formerly financed from the continuing fund of the Administration.

The estimate of $605,000 provides for construction of service facilities to connect new customers to the Administration's system and to complete participation in the Arkansas, White, and Red River Basins survey. By utilizing available carryover funds no new appropriation would be required.

Mr. JENSEN. Let me interject here. You say, "request of $450,000 for purchase of power and rental of facilities."

Mr. WRIGHT. Yes, sir.

Mr. JENSEN. Now, what facilities do you anticipate renting?

Mr. WRIGHT. To pay this wheeling charge. They call it rental facilities in the law.

Mr. JENSEN. It actually is wheeling?

Mr. WRIGHT. That is correct, sir.

Mr. JENSEN. I think we should say exactly what it is.

Mr. WRIGHT. The utility companies prefer to call it a service charge.

Mr. JENSEN. I am not thinking about the utility companies; I am thinking about using the words that really mean exactly what we intend to do with that money. And I would say that your statement should state a request of $450,000 for purchase of power and wheeling of power over the facilities of the respective transmission systems.

ALLOCATION OF 1954 APPROPRIATIONS

Mr. WRIGHT. Since last year we have been—it has been my custom in the past with the committee to tell you what we did with the money you gave us last year, what we are asking for by way of new money, what we hope to do with it, and the accomplishments of program from the time I appeared before you last time. In connection with the marketing of power we have already discussed with you the interim contracts and the relationships which we have worked out with the generating and transmission co-ops. I would only like to add to this that the congressional action telling us what the Congress desired us to do occurred on the 29th day of July. As of that time, we had already taken over under the contracts a portion of Central Cooperative system and a portion of the Western Farmers system. On the 29th day of July, our maintenance crews were recalled and those systems were restored to the co-ops with no loss of service to anyone. Power arrangements were continued with the cooperatives on the interim basis which has been presented to the committee. I thought you would like to know that the day we learned what Congress wanted us to do, we did it. Southwestern has always done from the beginning what this committee requested us to do.

Now, the money you gave us last year consisted of three items. You gave us $1,600,000 for maintenance and operation. This was based, I believe, on somewhat of a misunderstanding of the obligations we would be faced with in different premises of operation. Immediately upon being granted that appropriation, we knew we did not need that much money. We requested that the Budget Bureau place in reserve $250,000, which was done immediately. On the request of the Department at a later date, the Office of the Secretary, under provisions of the bill, transferred $40,000 to some other activity in the Department. So that we have for practical purposes $1,300,000 operating fund which we have considered as that appropriated by Congress to us for the past year.

In addition, you gave us $1,200,000 for the payment of wheeling charges and the purchase of power and the carrying out of our relationships with others. That would total, then, $2,550,000 for those two items.

If you will look on page 4 of the budget, you will then find a comparison of this year's request of $1,550,000 with the $2,550,000 granted last year for the similar purposes indicating a reduction of $1 million.

PERSONNEL REDUCTION

At the start of the budget year last July 1, we had 287 budgeted positions. We are asking in this budget a staff of 182 people, or a reduction of 105 under the recommended organization by the Southwestern Power Administration which is now pending in the Department. In this connection, gentlemen, I would like to say that for 2 years Southwestern has been undergoing a transition from a construction agency to an operating agency. As our construction was finished we have tried to reduce our personnel.

Mr. JENSEN. And you have.

Mr. WRIGHT. And we have.

We have 216 people on the payroll as of, I believe, December 31, 1953. I would like to say this about that 287 budgeted positions last year. During the year we found that, by force of circumstances and nature, we never came up to the total positions in this budget. We had 267 people on the payroll when we had 287 positions. When we had 267 positions, we had 240-some people on the payroll. We run about 10 percent below the budgeted positions. The reason being if you employ more people than the positions in your budget, you risk a deficit. If you don't employ that many, an employee finds another job, he leaves. Before you can replace him you have a 10-percent shift. I would like to point out to you that if we have 182 people, that is, 182 positions in the budget this year, it is my judgment that we will be lucky to run 175 average people on the payroll and I think that is one item the committee ought to bear in mind, especially with such a small agency as we are. It may not make any difference when you have 1,000 employees, but if I miss 1 man down there, it is like somebody died.

COMPARATIVE STATEMENT OF PERSONAL SERVICES AND TREND, 1945 AND 1955

Mr. JENSEN. We will insert in the record the figures on page 4 of the justifications to which you have just referred.

(The matter referred to is as follows:)

Comparative statement of personal services and travel by divisions and other objects for fiscal years 1954 and 1955

Organizational unit	Personal services (gross)						Travel		
	Number			Amount					
	1954	1955	Difference	1954	1955	Difference	1954	1955	Difference
Administrator's Office:									
Immediate	17	12	−5	$117,625	$86,515	−$31,110	$12,500	$6,200	−$6,300
Washington	3	3	.....	20,195	20,320	+125	1,200	800	−400
Office of Chief Counsel	16	7	−9	91,425	51,790	−39,635	7,000	2,000	−5,000
Division of Administration	48	28	−20	187,180	110,516	−76,664	5,300	3,000	−2,300
Division of Finance	21	18	−3	109,460	96,950	−12,510	4,000	3,300	−700
Division of Engineering	25	15	−10	139,335	87,725	−51,610	9,000	5,500	−3,500
Office of Reports and Information	1	.....	−1	7,440	.....	−7,440	1,000	.....	−1,000
Division of Land	2	.....	−2	12,200	.....	−12,200	1,000	.....	−1,000
Division of Sales	15	13	−2	82,785	76,465	−6,320	6,000	6,000	.....
Division of Operations	101	82	−19	411,600	354,940	−56,660	70,000	55,200	−14,800
Total travel							117,000	82,000	−35,000
Total permanent	249	178	−71	1,179,245	885,221	−294,024			
Deduct lapses	32	5	−27	136,410	24,346	−112,064			
Net permanent	217	173	−44	1,042,835	860,875	−181,960			
Other positions	7	7	.....	15,000	15,000	.....			
Regular pay in excess of 52-week base				4,640	3,325	−1,315			
Payment above basic rates				24,600	24,800	+200			
Total personal services	224	180	−44	1,087,075	904,000	−183,075			
Travel				117,000	82,000	−35,000			
Other objects				145,925	114,000	−31,925			
Other objects (transfer from continuing fund)				1,200,000					
Purchase of power and rental of facilities					450,000	−750,000			
Total				2,550,000	1,550,000	−1,000,000			

Construction

Mr. Wright. The other item that you gave us last year was $1,200,000 in the continuing fund. We have discussed already the use of and our ideas of what the requirements for the rest of the fiscal year are in connection with this fund. You gave us $613,000 for construction last year. Two items consisting of communications equipment and of general plant and equipment made up most of the $613,000.

MONETARY SAVINGS

I want to discuss for the committee next how we are saving money, why we did not expend that total appropriated.

On page 18 of the budget you get what in my view is a layman's idea of where our money has come from. At the start of the current fiscal year, the one we are in now, we had an unobligated balance of construction moneys of $3,684,190. We told this committee that we knew last year that we did not need $1,264,300 of that money and recommended to the committee and the Congress that you rescind it, which was done. That money was restored to the Treasury. We asked that $1,125,000 be placed in reserve because we did not know whether or not it was going to be needed. That was done. That $1,125,000 was placed in reserve. We had the right to use

$681,000 in approved projects by the Congress. We asked for the right to use another $613,890 which made our total program for last year $1,294,890. I am convinced at this time that we will be able to save out of that about $130,000 more. I am not in a position to give you the final figures because of contract shifts; $520,000 of the requirement for maintenance and operation of $1,550,000 is to be transferred from construction already appropriated, which leaves a new appropriation of only $1,030,000 requested above money already appropriated.

Gentlemen, we feel this is a record that Southwestern can be proud to present to this committee.

OPERATION AND MAINTENANCE

We have in effect watched what we spent and where we spent it. We did not spend it unless we thought we had to and the program as we have set it before you we believe is a sound one. I would like to first discuss very briefly the backup of this maintenance and operation figure of $1,550,000. We conceived a plan when we had the contracts with the co-ops, to operate 4,000 miles of transmission line. We now are faced with an operation of 1,004 miles of transmission line. To do that, I am not going to take the committee's time other than to say that we propose to use 4 transmission lines crews, 2 substation maintenance crews, 2 meter and relay crews, and 2 communications crews. The details of how much they have to handle under that is set out on page 6 in the budget. The makeup of each of those crews is set forth in detail. A transmission line crew consists of 10 men; the substation maintenance crew of 5 men; the meter and relay crew of 2 men; and the communications crew of 2 men.

I can tell the committee from my viewpoint and my opinion based on 13 years in Southwest that this is the minimum with which I can assure the committee of safety of property and life on these transmission lines. We have tackled this budget on this basis, gentlemen, of getting down—the Department worked with the Administration throughout its preparation with the idea of getting down to a point where we have the operations so manned that if you eliminate any one, you offer a threat to safety and property and life in the actual maintenance and operation.

Now, on the other end of our organization this is true. There are certain impositions placed on our agency by agencies outside of Interior. For example, the civil service makes or may make certain requirements on us that make certain amounts of work over which we have no control. The Comptroller General audits our activities every year, directs us to do certain things in connection with the audit. We have to do those. For example, last year the Comptroller General's auditors were in my office for 8 weeks. That is one-sixth of the year. Some of my accounting and budgeting staff were tied up just as a bank would be with bank examiners during those 8 weeks working with those people. I am not complaining of that. I am simply telling you that we have imposed upon us certain circumstances over which we have no control. Whether or not I could operate with one less person in a unit, I can't defend to anybody. In my judgment, you have a sound budget presented to this committee in maintenance and operation.

CONSTRUCTION

Now, in the construction item, in detail, if you will look on page 20 of the justifications, which, Mr. Chairman, I believe should be placed in the record——

Mr. JENSEN. Without objection, it will be inserted.

(The material referred to follows:)

Construction, Southwestern Power Administration—program summary, fiscal year 1955

Activity and project	Estimated cost	Program 1955
New construction and additions:		
Plant interconnection project:		
Metering equipment	$110,000	$110,000
Extensions to cooperatives, public bodies and others:		
Carthage substation	50,000	50,000
Carthage substation to city of Carthage line—66 kilovolts	15,000	15,000
Timpson substation addition	50,000	50,000
Subtotal	115,000	115,000
Miscellaneous construction:		
Customer connections	350,000	350,000
Plans and specifications:		
Arkansas-White-Red River Basins survey	15,000	15,000
Administration and engineering costs	15,000	15,000
Total new construction and additions	605,000	605,000
Less balance available from prior year		605,000
Total appropriation		0

METERING EQUIPMENT

Mr. WRIGHT. You will find that it consists of this:

$110,000 for metering equipment which is the minimum to enable us to meter the power that goes in and out of our systems at the point of exchange with companies and generating and transmission co-ops. I cannot give you in detail where those metering stations will be or how many there will be, or anything of that kind, but that statement was worked out in close cooperation with the companies and with others in that area and we think it will take us $110,000 in metering money that we have not yet expended.

CARTHAGE SUBSTATION AND LINE

The Carthage substation and the Carthage substation line is for the purpose of delivery of power to the city of Carthage off of the end of the Government's line running from Springfield to Carthage. We have a proposed contract for this delivery and indication by the company, the city, that they want it. The city owns its own system and its own generating plant.

Mr. JENSEN. There is some question as to the need for the Carthage substation and lines. Is that not so?

Mr. WRIGHT. In my judgment, Mr. Chairman, if we are going to serve the city of Carthage it should be done in that way.

Mr. JENSEN. Do you think Southwestern Power should build the substation?

Mr. WRIGHT. I think if we are going to serve them power we will have to build it. The merits of whether we should or not, I do not know.

Mr. JENSEN. Will this be part of your agreement with the utilities when it is finally worked out? Will that question be considered?

Mr. WRIGHT. No, sir; I do not think this will be a part of any agreement with the utility company. Actually, if we had the 12-company agreement today, let us make that basic assumption, it might be possible that the company would construct the facilities to serve the city of Carthage.

Mr. JENSEN. Are you asking for money in this appropriation for a substation in Carthage?

Mr. WRIGHT. Yes, sir; at Carthage and at the lines in the substation, to consist of $50,000 for the substation and $15,000 for the line.

Mr. JENSEN. And you think this item should be in this budget now rather than to be held off for a while?

Mr. WRIGHT. I do, Mr. Chairman. It is the only item we are asking for.

Mr. JENSEN. Could it not be eliminated? Is there a need for it now?

Mr. WRIGHT. The city wants to buy power. I do not think they will be out of power if they do not buy it. I think they may buy another engine or something of that character.

Mr. JENSEN. Of course, what this committee is interested in is not spending $50,000 if we do not have to.

Mr. WRIGHT. The expenditure will permit us to serve.

Mr. JENSEN. Will the city build it?

Mr. WRIGHT. No, sir; they say they will not.

Mr. JENSEN. Will the city build this substation if it is their only means of getting the power?

Mr. WRIGHT. We have taken that position with them and they have told us that they will not build it.

Mr. JENSEN. Then they do not want the power very badly.

Mr. WRIGHT. That may be a true statement. The purpose of this substation is strictly to serve the city of Carthage.

Mr. JENSEN. I am not so sure that this committee is justified in spending $50,000 of the taxpayers' money to build this substation. I am not completely satisfied in my own mind. I think the rest of the committee would question it.

Mr. WRIGHT. I have advanced, Mr. Chairman, all the arguments.

Mr. JENSEN. After all, since it is not a question of anybody but the city of Carthage and the Southwestern Power Administration, it is no one else's affair.

Mr. WRIGHT. That is right, Mr. Chairman.

Mr. JENSEN. If the city of Carthage, which is a good-sized town—I have been through there several times—is going to profit considerably by getting this power from the Southwestern Power Administration, then I am inclined to think that they should build this substation. I have always felt that way.

I am not yet ready to assist the Congress in appropriating $50,000 which I do not think we are justified in spending under the circumstances.

Mr. WRIGHT. Mr. Chairman, I want to point out to you that the $50,000 and the $15,000 are tied together.

Mr. JENSEN. Altogether, $65,000. With the consent of the committee, I would like to suggest that you, Mr. Wright and Mr. Aandahl, inform the city of Carthage that this committee feels that the city of Carthage should build the substation and line. After all, we are bringing the power almost to the corporate limits of the city.

Mr. WRIGHT. Right up very near the city.

Mr. KIRWAN. Since this is nearing completion, you say, and there is construction money in this year's request, is there not——

Mr. WRIGHT. Yes.

Mr. KIRWAN. If you build this substation, will not the Government get the money back?

Mr. WRIGHT. Yes, sir.

Mr. JENSEN. How will we get the money back?

Mr. WRIGHT. By selling the power to Carthage.

Mr. JENSEN. I know, but if Carthage builds the substation and they should build it——

Mr. WRIGHT. We will get more money back.

Mr. JENSEN. We will get just as much money back. By not building the substation we will get just as much money back as if we spent the $65,000.

Mr. NORRELL. How do we know that?

Mr. WRIGHT. I do not agree with you, Mr. Chairman, I regret to say, that Carthage will build it. I don't know that. They may put in another engine.

Mr. JENSEN. You mean we will not get just as much money for the power from the city of Carthage if the city builds the line and the substation than if the Government builds it?

Mr. WRIGHT. Yes, I think we would, if we sold the power.

Mr. NORRELL. If we do not build it, then who will, the city of Carthage?

Mr. WRIGHT. The city of Carthage will built it or it will not be built, in my judgment. In my judgment, it will not be built.

Mr. NORRELL. Will $50,000 do the job? There will not be any more money requested?

Mr. WRIGHT. Fifty thousand dollars will build the substation and the $15,000 will build the line and there will be no more money requested.

Mr. NORRELL. And that will conclude it?

Mr. JENSEN. But what is wrong in advising the city of Carthage that this committee feels that it is their responsibility to build that substation and that line? Is there anything wrong with that?

Mr. WRIGHT. If the committee asked the Department of the Interior to do that I would recommend to the Secretary that we do it.

Mr. JENSEN. I and every member of this committee would like to save the $65,000 if we can. Carthage is able to build that substation and line, and I am inclined to think they will. Of course, it is natural that they do not want to.

Mr. KIRWAN. The reason I am taking the other view of this is that as long as the line is so near Carthage and it only takes $50,000 and $15,000 to complete the job, I am in favor of the Government going all the way. Southwestern will own and control the whole business.

Mr. FENTON. If Carthage generates its own power as the Administrator says, why should we go into that business at all?

Mr. KIRWAN. If we put the substation in there, they are not going to generate their own power.

Mr. WRIGHT. They will generate their baseload and buy their peaking power from the hydro plants.

Mr. KIRWAN. That is what they are doing all around the Southwest.

Mr. WRIGHT. They will generate their baseload and buy their peaking power from the hydro plants which is the way all of the hydro outfits operate.

Mr. JENSEN. I just cannot feel that the taxpayers of America should be asked to pay $65,000 to build that substation and line when the city of Carthage is well able to build it, and the Government will receive just as much revenue regardless of who builds it.

Mr. AANDAHL. Mr. Chairman, since this budget estimate was prepared, some new circumstances have developed with respect to our contract negotiations with the G. and T.'s on a permanent basis. There is a question with respect to the amount of power that we will have and I am going to suggest that you give us an opportunity to take another look at it in the Department with Southwestern, and we will report to you later on this particular item.

Mr. JENSEN. This will not affect the REA's in any way, shape, or form, this substation and this line?

Mr. AANDAHL. The substation will not but the substation, of course, is associated with the amount of power that we have available for sale. I would like to take another look at that before I give you an opinion either one way or the other on this item.

Mr. BUDGE. I understood Mr. Wright to say that Carthage did not even need the power this year, they did not anticipate that they could use the power. That is something that should be considered.

Mr. WRIGHT. I do not think the question of furnishing power out there is on a shortage basis any longer. I think the question is on a disposal and a better way to secure power.

Mr. JENSEN. Let us not spend the $65,000 if we do not have to. It may be a very small amount, but it is $65,000 and means quite a lot when we are trying to save wherever we can.

TIMPSON SUBSTATION ADDITION

Mr. WRIGHT. The next item in the construction budget is the Timpson substation.

The Timpson substation addition consists of an addition to a substation, the existence of the town of Timpson in southeast Texas—we have 2 small lines, 1 running from Garrison over to Center, 1 running from Diboll to Corrigan, from the end of the Texas Power & Light Co. system. We asked the company under contract with us to extend their service that distance to those REA co-ops and the company said they could not do it, so the Congress gave us money in the past to build those lines. We have built them. We are serving two large REA's with a very large block of power and this substation is overloaded now and to carry that overload and get the overload off the substation, we need to make a $50,000 addition to it. If we do not make that addition, this REA co-op serving power there is going to be short of power. That, in my idea, is a must addition to the system.

CUSTOMER CONNECTIONS

Mr. WRIGHT. The next item, and the big one in this budget is $350,000 for customer connections. To give you an idea of what that is and how it developed, this committee and the Congress appropriated to us in 1950, $250,000; in 1951, $750,000; in 1952, $500,000, and in 1953, $400,000 for miscellaneous construction of customer connections. That is a total of $1,900,000. Obligations through the fiscal year 1953, which was up to last July 1, $669,187. Each of those items had to be approved by the Secretary before they were constructed and consisted of items that had been presented to this committee. That left a total available for this fiscal year of $1,230,813. We recommended that as part of the rescission last year that $658,500 be taken out of this item. The money went back to the Treasury; that left us $572,313 in this "Miscellaneous construction" item. We told you that we thought we were going to spend $222,313 in this year leaving a balance of $350,000. In my judgment, we are going to spend about $90,000 to $100,000. We are going to save about $130,000 out of that $220,000. I told you I could not tell you the exact amount yet. If we can find out before the committee marks up the bill, we will tell you. That is one thing I want to do.

We are asking that the other $350,000 of this item be left in reserve until these permanent contracts are worked out and we find out what, if any, connections have to be built to integrate this system in the permanent-type arrangements along the lines Congress has asked. It is not new money. It is just to give us another year of looking with the money you have already provided for this purpose. It would not be expended without specific approval of the Secretary of the Interior for each particular item and it would be in line with the item which has been presented to the committee.

Mr. JENSEN. So that you will have that amount on hand to comply with any contracts and agreements that are consummated between the REA's, the private utilities, and the Southwest Power Administration during this fiscal year.

Mr. WRIGHT. That is correct, sir.

Mr. JENSEN. Rather than wait another year to do the interconnecting you may find it is necessary at the time to get this complete integration of power in operation.

Mr. WRIGHT. That is correct, sir.

When you make one of these contracts for integration, we will set up on what is called the calculating board. This board will set up the presumed electrical conditions of all the integrated systems. We may find to make it work that we will have to have a connection that no engineer thought of before, but a connection between a company and us that we did present to you and we did talk to you about.

Mr. JENSEN. That will be worked out by the staff and Mr. Aandahl.

Mr. WRIGHT. That fund cannot be expended until it is first approved by the Secretary and then approved by the Budget Bureau to pull it out of reserve.

Mr. JENSEN. I would like to have the page which you have been reading from placed in the record, without objection.

(The material referred to follows:)

Miscellaneous construction

AMOUNTS INCLUDED IN BUDGET 1950–53

Appropriation 1950	$250,000
Appropriation 1951	750,000
Appropriation 1952	500,000
Appropriation 1953	400,000
Total available for miscellaneous construction	1,900,000
Obligations through fiscal year 1953	669,187
Total available fiscal year 1954	1,230,813
Rescinded, 1954	658,500
Balance available (July 1, 1953) fiscal year 1954	572,313
Placed in reserve for obligation, subsequent years (1954)	550,000
Available 1954	22,313

RESERVE

Placed in reserve 1954	550,000
Estimated requirements 1954	200,000
Budget estimate 1955	350,000

ARKANSAS-WHITE-RED RIVER BASIN

Mr. WRIGHT. The next item is $15,000 for participation in the Arkansas-White-Red River Basin surveys. That is in line with what we have been doing and in line with the costs we are experiencing in this work. Administration and engineering costs in connection with this construction of $600,000—we are asking for $15,000 which I think is a very small percentage of that item. I do not think it will cost us any more.

GENERAL ADMINISTRATIVE EXPENSES

Mr. JENSEN. Since your construction program is almost completed, you now have in effect an operating agency, will it not be possible to reduce your administrative and travel expenses this year?

Mr. WRIGHT. I do not think so, Mr. Chairman. I think we are down to rockbottom on this estimate. I would not tell this committee if you told me that you had to take $100,000 out of here that it could not be done, but I would tell you that there were certain basic functions that we could not do and I would certainly have to buy a stamp that said on the stamp, "Funds not provided this agency for this activity" to stamp many of the things imposed upon us by other agencies over which we have no control. In other words, somebody makes a survey; they want information from us as to what part we have that constitutes items in that survey. Somebody makes an audit and they want us to do certain functions.

For example, I was rather, should I say, amused if I could digress a moment, by a GAO audit that said we had only one payroll clerk; there ought to be somebody else to look at the payroll. We have not had a voucher turned down by the General Accounting Office in the 13 years I have been there and as long as we are going that way I think one payroll clerk is enough. That is the way that I feel about it. But my point is that we have tried and we have worked with the Department, had several meetings with Mr. Aandahl and in the Department we went over my budget and certain functions which I

consider essential to an operation of this kind have already been eliminated from this, gentlemen. I think this is a rockbottom budget.

Now, we have got $1,100,000 to operate on, to maintain and operate this system and to sell our power and to carry out everything there is to do. If you curtail below that, you would prevent our participation in items that I consider absolutely essential to the successful operation of this thing.

Mr. JENSEN. Do you think we are going to need all the engineers or engineering assistance you have at the present time?

Mr. WRIGHT. Yes, I do. We deal, Mr. Chairman, and we are members of the operating committee with utility companies; these people we have to set relays that may affect the systems of many other people. There are about $450 million worth of REA loans in the area served by us. We furnish power now either in total or in part to 1,425,000 people.

BACKGROUND SUMMARY

For the committee's benefit entirely, Mr. Chairman, I have done something which I have never done before. I have had each division prepare for you a statement, concise and complete in detail, a summary of which I would like to place in the record. It is only about five pages long and it tells the story of Southwestern.

Mr. JENSEN. Without objection.

Mr. WRIGHT. I would like to give each member of the committee and the clerk a copy of this book which tells by divisions what we do and why we do it. In the back of that book I have placed a detailed organization chart, the way Southwestern was on the 31st day of July 1953, the way we are today, and the way we ought to be in the next fiscal year, in detailed organization. I think that would be extremely helpful.

Mr. JENSEN. Thank you, Mr. Wright. Without objection, it will be placed in the record.

(The summary referred to follows:)

SUMMARY OF BACKGROUND DATA

I. MAJOR ACTIVITIES

1. Engineering—construction

A. Hydroelectric projects constructed and in operation by the Corps of Engineers in the power-marketing area of this Administration are Norfork, Denison, Narrows, Bull Shoals, Fort Gibson, Tenkiller Ferry, and Whitney. With the completion of Blakely Mountain and the addition of the fifth unit in Bull Shoals, the total capacity will be 539,000 kilowatts.

B. The total investment in the construction program for transmission lines and facilities as of October 31, 1953, was $21,288,863 and included 1,004 miles of line; 13 substations; 5 switching stations; 6 metering stations; plus general plant equipment.

C. Southwestern Power Administration is not requesting any new funds for fiscal year 1955 but is requesting $605,000, available from savings, for new construction and additions, as follows:

$110,000 for purchase of high-voltage metering potential and current transformers at points of interconnection.

$65,000 for construction of approximately 2 miles of 66-kilovolt line and necessary substation facilities to provide electric service to the city of Carthage, Mo.

$50,000 for increasing the capacity of SPA's Timpson substation from 1,000 kilovolt-amperes to 2,500 kilovolt-amperes.

$350,000 for construction of miscellaneous facilities.

$15,000 for personal services, travel and other expenses.

$15,000 for participation in the Arkansas-White-Red River Basin survey.

2. Operations—Maintenance

A. Southwestern Power Administration will operate and maintain 1,004 miles of transmission lines, 13 substations, and 5 switching stations in fiscal year 1955.

B. Transmission lines to be operated and maintained include 558.7 miles of 161 kilovolts, 256.5 miles of 138 kilovolts, and 188.6 miles of 69 kilovolts. Four maintenance crews patrol and maintain 291 miles of line from our Ada, Okla. maintenance depot; 270 miles of line from our Muskogee, Okla. maintenance depot; 180 miles of line from our Springfield, Mo. maintenance depot; and 220 miles of line from our Doniphan, Mo. depot.

C. Two substation maintenance crews, located at Muskogee, Okla. and Springfield, Mo., inspect, test, adjust, and repair the equipment in the substations and switching stations of the Administration.

D. Two meter and relay crews inspect, test, adjust, and repair all measuring devices and protective equipment on the system from two central locations at Muskogee, Okla. and Springfield, Mo.

E. Two communication crews, located at Muskogee, Okla. and Springfield, Mo., install, test, adjust, and repair mobile and carrier-communication equipment throughout the system.

3. Sales—Power marketing

A. Southwestern Power Administration has 52 operative contracts (not including inoperative generation and transmission contracts or 4 municipalities to be served over generation and transmission lines) as follows: 4 private utility companies, 7 generation and transmission cooperatives, 18 distribution cooperatives, 19 municipalities, and 4 Government installations.

B. This Administration's contracts have a total power commitment of 503,967 kilowatts, and of this amount, 393,967 kilowatts are hydropower commitments.

C. 194 points of delivery are covered in the above contracts, to preferred customers and 13 points of interconnection with private utility companies and G. and T. cooperatives.

D. A total of 33 contracts and 68 amendments were handled during the period from January 1, 1953, to January 1, 1954.

E. This Administration furnishes all or part of the power requirements of about 1,325,000 farm and rural people and 110,000 people who live in towns.

II. GENERAL ADMINISTRATIVE ACTIVITIES

1. Administration, services

A. Supply and property management activities during fiscal year 1952 and 1953 consisted of procuring equipment, materials, and supplies. Congressional action restricting the use of funds appropriated for the fiscal year 1954 for the lease and operation of G. and T. cooperative facilities required a complete revision of plans. Materials and supplies in the amount of $260,335 were declared excess and excess property in the amount of $196,550 was disposed of by transfer. It is anticipated that during the fiscal year 1955 almost all of the supply activities will be limited to current operating and maintenance needs of our present system.

B. Personnel activities during fiscal year 1954 have been devoted mostly to routine activities of recruitment, placement, and records processing. Employment has been reduced from 248 on July 1, 1953, to 212 at the present time. Inasmuch as it appeared that the cost of maintaining the United States Board of Civil Service Examiners was excessive to the small number of placements made, the Board has been abolished. It is contemplated that a reorganization of this Administration during fiscal year 1954 should make possible in 1955 a personnel organization that will function in a routine manner to effect the mandatory programs of the Civil Service Commission and the Department.

C. Safety program activities during fiscal year 1954 covered all phases of work performed within the Administration and approximately 85 percent of the time of the safety officer was devoted to field activities. In the fiscal year 1955, with four field units operating, the duties now performed by the safety officer will be combined with those of the maintenance superintendent, and the safety officer position will be eliminated.

2. Finance, services

A. The functions and activities of the Division of Finance include the duties and responsibilities of effecting and maintaining a recordkeeping and reporting system, integrated as to a budgetary accounting with that of a utility accounting system by use of subaccounts and special procedures, in order to meet the requirements of the Congress, the General Accounting Office, the Treasury, the Bureau of the Budget, and the Federal Power Commission.

B. The above functions are divided into the three main categories of budget, accounting, and cost allocation. Many of these activities and functions must be coordinated with like activities and functions of other interested governmental agencies such as cost allocation and preparation of FPC Form No. 1 with those of the Corps of Engineers.

3. Information, services

A. The limitations on informational activities contained in the Department of the Interior Appropriations Act for fiscal year 1954 restricted the personal service funds available to SPA's Office of Reports and Information to $1,600. Only one employee has been assigned to information services during the fiscal year 1954 and it has been necessary to budget his time in order that the limitation of not more than one-fifth of this time is used in duties involving public information.

B. We are not requesting any information funds this year, and it is not proposed that there will be information personnel with the organization in fiscal year 1955. We are not certain as to how we shall meet the demands for information next year.

4. Legal, services

A. The staff of Office of the Chief Counsel advises the Administrator and his staff concerning the legal aspects of policies, programs, and activities, and performs all the legal functions of the agency. These functions are divided into the three categories of power contracts, acquisition and procedure.

B. Since January 1, 1953, the Office of the Chief Counsel has reduced its staff from 21 employees to 13 employees. It is anticipated that this staff will be further reduced to a total of seven employees by July 1, 1954.

PURCHASE OF POWER AND WHEELING CHARGES

Mr. JENSEN. In reference to power purchase and the rental of facilities, without objection I will insert pages 11 and 12 of the justifications into the record.

(The material referred to follows:)

PURCHASE OF POWER AND RENTAL OF FACILITIES, $450,000

Obligations to be incurred in fiscal year 1955 are based upon contractual arrangements for the purchase and sale of power, including service charges for transport of power with private utilities in the area, and estimated wheeling charges to be paid to power cooperatives in the area. Estimated requirements are summarized and detailed as follows:

Summary

1. Oklahoma companies	$153,000
2. Other utility companies	150,000
3. M. and A. Electric Power Cooperative	24,000
4. Central Electric Power Cooperative and/or Northwestern Electric Power Cooperative	108,000
5. Western Farmers Electric Cooperative	15,000
Total	450,000

Detail

1. Oklahoma companies:		
Sale to preferred customers, 33,000 kilowatts and 142,000,000 kilowatt-hours:		
Energy purchased from companies:		
142,000,000 kilowatt-hours − 131,000,000 kilowatt-hours = 11,000,000 kilowatt-hours; 11,000,000 kilowatt-hours × $0.004 =	$44,000	
Service charge:		
142,000,000 kilowatt-hours × $0.00125 =	177,500	
Total		$221,500
Sale to companies:		
33,000 × 0.15 = 4,950 kilowatts; 4,950 kilowatts × $1.15 × 12 months =		68,310
Total		153,190

Detail—Continued

2. Other utility companies:		
Sale to preferred customers, 18,500 kilowatts and 83,250,000 kilowatt-hours:		
Purchase of power:		
83,250,000 kilowatt-hours − 66,600,000 kilowatt-hours = 16,650,000 kilowatt-hours.		
16,650,000 kilowatt-hours × $0.004 =		$66,600
Service charge:		
66,600,000 kilowatt-hours × $0.00125 =		83,250
Total		$149,850
3. Payment to M. and A. Electric Power Cooperative:		
Service charge:		
Sikeston	kilowatts 3,000	
Poplar Bluff	kilowatts 1,500	
Malden	kilowatts 150	
Total, 4,650 kilowatts × 4,500 hours × $0.00125 =		24,156
4. Payment to Central Electric Power Cooperative and/or Northwestern Electric Power Cooperative:		
Wheeling charge:		
Springfield	kilowatts 15,000	
Hermann	kilowatts 600	
Total, 15,600 kilowatts × 4,600 hours = 71,760,000 kilowatt-hours × $0.0015 =		107,640
5. Payment to Western Farmers Electric Cooperative:		
Wheeling charge:		
Anadarko	kilowatts 800	
Altus Air Force Base	kilowatts 1,500	
Total, 2,300 kilowatts × 4,500 hours = 10,350,000 kilowatt-hours × $0.0015 =		15,525

INVESTMENT AMORTIZATION

Mr. JENSEN. I will read the audit report of the Comptroller General of the United States: "Southwestern Power Administration, Department of the Interior, for the fiscal year ended June 30, 1953." I read this:

As shown by the following tabulation, the net revenues reported by the administration of $642,664 for 1953 and $1,053,908 for 1952 were insufficient to cover the costs of producing electric energy and to amortize the Government's investment applicable to power for the projects in operation for the entire year.

According to this report, which is on the annual power charge for Denison, Narrows, and Norfork Dams, it would appear that an additional revenue is necessary to cover the cost of producing electric energy and to amortize the Government's investment. The revenue should have been $1,299,701 more in 1953. In 1953 the Corps of Engineer estimate appear to be, or would indicate, that the rates charged failed to bring in revenue in the amount of $1,299,701 less than was necessary to amortize the Government's investment in those three projects. The Southwestern Power Administration's figures, differ only in that they show, according to this report, that $967,636 more should have been collected in revenues in order to amortize the Government's investment in those three dams.

Would you care to comment on that, Mr. Wright?

Mr. WRIGHT. I certainly would. It is perfectly true that the present rates of the Southwestern Power Administration which were set as interim rates in the first place, are not sufficient to bring in enough money to amortize the Federal Government's investment in hydroelectric projects and in Federal transmission lines. I told this committee last year that rates would have to be raised and that in

my judgment, one of the measures of where they would have to be raised would probably be what you could sell it for in the market circumstances. We have already gone through with several of the projects. The Department and Southwestern Power are making extensive rate investigations and have been for about 6 months. It is a very complex problem, to the end that we will market this power.

Now, I would like this committee to know that while we lost money in 1952 and in 1953, we had been smart enough to make a little back from 1943 up to 1952, so that as of July 1, 1953, we still had $236,000 in the bank although we were losing money at the rate of $1,250,000 a year in round numbers. We knew that we were going to have to adjust our rates. We know that. We know that we probably are going to have to go up and maybe a fair criteria will be what is the power worth in the market circumstances.

Mr. JENSEN. Without pricing ourselves out of the market?

Mr. WRIGHT. Without pricing ourselves out of the market. The chairman knows that he and I had extensive discussions on this in the committee hearing last year. The most widely quoted remark in the power business was my remark to you that power in the Southwest is not cheap power. By its very nature it is peaking power which is worth more than any other kind of power there is. And because it is worth more, if we can utilize it as peaking power, then we can achieve the advantage and what Southwestern has been striving for for about 13 years.

Mr. Chairman, I would like to read you, if I may, a very short statement I made to you many years ago. In the hearings of 1946 I said this to you:

> So far as I know, the only possibility of anybody coming to one of those dams and getting any power would be a super group of REA co-ops which band together 18 or 20 co-ops in a group and finance the construction of a line, which I think is outside the realm of Rural Electrification for them to come to a dam to get the power. You cannot get benefit from it then unless it is integrated with the other dams and with existing system. So it gets right back, I think, to a very clearcut issue of whether or not you are going to find a middle of the road, if you want to call it that, means of operating these things, whether you are going all the way in direct competition, or whether you are going to sell it at the dam to the companies and go fishing.

Southwestern has been trying to find this middle of the road that I talked to you about in 1946, sir.

Mr. JENSEN. I think you have pretty well found it, haven't you?

Mr. WRIGHT. I believe, like a very eminent gentleman says when you are in the middle of the road, that is where you get the most of the panning from both sides, sometimes, but we have been working desperately to try to do what this audit report properly points out.

Our present rates are not returning the investment but there is a distinct probability that the marketing of power at rates permitted by the circumstance of market, without working hardships on anybody, will pay this system out.

STATEMENT OF REVENUES AND COSTS

Mr. JENSEN. Will you place in the record a table showing the revenues, O & M costs, net revenues over costs, or costs over revenues for each year the Southwestern Power Administration has marketed power.

(The table requested is as follows:)

Southwestern Power Administration, comparison of revenues and costs, 1944–53

Fiscal year	Revenues [1]	Imputed interest	Gross revenue [1]	Transmission system				Production				Surplus or deficit	Accumulated surplus or deficit
				Operation and maintenance costs	Imputed interest	Amortization and interest	Total costs	Operation and maintenance costs	Imputed interest	Amortization and interest [2]	Total costs		
1944	$8,509.67	$106.37	$8,616.04	$64,147.28	$801.84		$64,949.12					−$56,333.08	−$56,333.08
1945	635,485.11	7,943.56	643,428.67	90,438.03	1,130.48		91,568.51	$62,234.43	$777.93	$157,163.00	$220,175.36	331,684.80	275,351.72
1946	1,254,988.90	15,687.36	1,270,676.26	89,625.78	1,120.32		90,746.10	197,907.66	2,473.85	708,018.34	908,399.85	271,530.31	546,882.03
1947	1,456,219.37	18,202.74	1,474,422.11	90,815.94	1,135.20		91,951.14	252,530.52	3,156.63	708,018.34	963,705.49	418,765.48	965,647.51
1948	1,517,189.19	18,964.86	1,536,154.05	118,777.82	1,484.72		120,262.54	283,618.76	3,545.23	708,018.34	995,182.33	420,709.18	1,386,356.69
1949	1,661,133.95	20,764.17	1,681,898.12	121,044.33	1,513.05		122,557.38	252,805.83	3,160.07	708,018.34	963,984.24	595,356.50	1,981,713.19
1950	2,038,770.96	25,484.64	2,064,255.60	253,332.65	3,166.66		256,499.31	350,028.98	4,375.36	848,910.91	1,203,315.25	604,441.04	2,586,154.23
1951	2,279,759.22	28,496.99	2,308,256.21	740,918.32	9,261.48		750,179.80	431,837.36	5,397.97	1,278,732.00	1,715,967.33	−157,890.92	2,428,263.31
1952	2,635,560.83	32,944.51	2,668,505.34	960,476.58	12,000.96	$455,390.09	1,427,872.63	426,115.39	5,326.44	1,278,732.00	1,710,173.83	−469,541.12	1,958,722.19
1953	2,932,549.74	36,656.87	2,969,206.61	1,425,106.85	17,813.84	553,353.25	1,996,273.94	544,307.12	6,803.84	1,805,192.42	2,356,303.38	−1,383,370.71	575,351.48
Total	16,420,166.94	205,252.07	16,625,419.01	3,954,683.58	49,433.55	1,008,743.34	5,012,860.47	2,801,386.05	35,017.32	8,200,803.69	11,037,207.06	575,351.48	

[1] Includes testing revenue.
[2] Based on Corps of Engineers method of cost allocation.

FINANCIAL STATEMENTS

Mr. JENSEN. Now, then, just one more statement I would like to read from that report.

On page 39:

OPINION OF FINANCIAL STATEMENTS

The amounts of revenues, expenditures, assets, and liabilities appearing in this report are based on the records of the Administration. Financial statements (balance sheet and statement of power-marketing operations) at June 30, 1953 and 1952, are presented as exhibits 1 and 2 of this report. These statements are incomplete because no deduction has been made from revenues for amortization of the power portion of the Government's investment and the annual operation and maintenance expenses in the various multiple-purpose projects. As stated on page 43, such a deduction will not be possible until a definite allocation of the construction costs of the multiple-purpose projects is made. In addition we were not able to satisfy ourselves of certain other matters having a material effect on reported net income (see p. 25). Therefore, we are unable to state that the accompanying financial statements present fairly the financial position of the Administration at June 30, 1953, and the results of its operations for the year ended that date.

I think you have somewhat covered that.

Mr. WRIGHT. I wanted to add, Mr. Jensen, that we cannot put in the financial statement what the costs allocated to power are until the allocations are made. We realize that is so. The Department is working now on that basis.

I would like to say only one other thing. We think even with our present rates that in the fiscal year 1955, we will be at an income level of $7 million. We are asking the Treasury to put out not only by way of old money, I mean previous appropriations but new money, a total appropriation of $1,556,000 plus $605,000 for construction which makes $2,155,000 and if we put $7 million in the Treasury and only take $2,155,000 out for the first time in Southwestern's history, maybe, but certainly for a time that I can see it, we have got a checkbook where more is going in than coming out and we are paying back something.

Mr. JENSEN. That is good news.

WHEELING RATES

Mr. BUDGE. Mr. Wright, as I understood the colloquy between you and the chairman a few minutes ago, it is your opinion that the present rate charged by Southwestern Power Administration will not permit you to amortize the Federal investment?

Mr. WRIGHT. That is correct.

Mr. BUDGE. What is your average rate when you take into account credits for wheeling?

Mr. WRIGHT. The average rate, gross, to preferred customers runs between 5.6 and 6 mills a kilowatt-hour, for power delivered in the order of 350 hours per month per kilowatt.

For power sold at 200 hours a month sold to utility plants and aluminum plants and others, the return is 6¾ mills for the 200 hours. The return from the aluminum plant is 6¼. That is gross. That gross must be adjusted by whatever wheeling charge is applicable in the particular case.

Mr. BUDGE. What percentage of increase will you have to make in order to amortize the Federal investment?

Mr. WRIGHT. My guess is about 20 to 25 percent.

Mr. BUDGE. Then how do your rates compare with private utility rates in the area? Can you market the power at that increase?

Mr. WRIGHT. Our rates with private utilities in the area outside of Missouri are presently comparable to REA co-ops but to my certain knowledge in Texas and I believe in other areas, that they are faced with almost the same situation we are, that is, about a 20 to 25 percent increase in their present base rate.

Mr. BUDGE. If you raise the rates 25 percent, can you market the power?

Mr. WRIGHT. In my judgment, we can market the power between 20 and 25 percent rate increase because it will be the top market rate in the market area. Yes, sir.

Mr. BUDGE. Which would be the same rate private utilities are now charging?

Mr. WRIGHT. That is very near right. With the exception of Missouri. In the case of Missouri, the fuel cost at the Missouri-Kansas line almost triples; when you go across that line there is a switch from gas to coal. In that case, our rate to co-ops would probably still be advantageous perhaps half a mill or a mill but they won't be far off. In the case of municipalities, it would probably be a 2-mill difference.

Mr. BUDGE. What it adds up to is this: if you are going to repay the Federal Government, you would be charging approximately the same rates as are charged by the private utilities?

Mr. WRIGHT. That is correct and saying it another way, you are going to have to get all you can for the power in the market.

Mr. BUDGE. Thank you.

COST ALLOCATIONS

Mr. JENSEN. Mr. Aandahl, what is being done to get agreement on allocation of costs between the Corps of Engineers and the Interior Department? It has always been, I notice by the report from the General Accounting Office, that the Army engineers hold that a certain amount should be charged to power and repaid. The Interior Department contends that the figure is too high and that only such an amount as I read into the record should be repaid. There should be a meeting of minds so we will know definitely how much money should be and must be repaid.

Mr. AANDAHL. Some 8 or 9 months ago, we, at the secretarial level gave our attention to cost allocations and we found that among the four power-marketing agencies in Interior, there was quite a sizable difference in the methods that each of them used to allocate costs and we asked those agencies to get together and they did that under the direction of Jim Bradley, who is one of the career men in my office. They have pretty well gotten together. So, in Interior we are pretty much in agreement as to what formula should be used in determining cost allocations.

Then we got together with the Corps of Engineers and we are making very good progress. The staff of the Corps of Engineers and a staff in the Department of Interior are presently working trying to bring our two departments together.

Mr. NORRELL. Mr. Wright, I think you have submitted a very fair and reasonable and conservative budget for the next fiscal year. While I never advocated subsidization of power by the Federal Government, I am interested and I want to make this statement in the presence of Mr. Aandahl. When we try to make these Federal projects self-sustaining or pay off what they are supposed to pay off, too much has been charged to power.

I do not want, Governor, my section of the country to be the only section that must have public power not subsidized by the Federal Government. I am not an engineer in power marketing. I know nothing about it but I am under the impression that you have a tremendous problem on your hands when it comes to trying to see that no section of the country is discriminated against with respect to public power. I realize that it is a technical and difficult question. I am not making a defense of subsidized power, if there is such in my section of the country, except I do want to say when those rates are increased, if they are, in order to make these dams feasible and pay off, I want to know that the same policy will be enforced throughout the United States. I wish you would bear that in mind.

Mr. AANDAHL. I want to reply that it will be our purpose to give as much uniformity as possible in the standards that we apply to the various areas.

Mr. NORRELL. I think that is a statement well made, Mr. Chairman.

Mr. JENSEN. Thank you, gentlemen.

MONDAY, JANUARY 25, 1954.

SOUTHEASTERN POWER ADMINISTRATION

OPERATION AND MAINTENANCE

WITNESSES

FRED G. AANDAHL, ASSISTANT SECRETARY FOR WATER AND POWER
CHARLES W. LEAVY, ADMINISTRATOR
THOMAS H. WIGGLESWORTH, CHIEF, DIVISION OF OPERATIONS

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$760,000	$1,130,000	$1,450,000
Unobligated balance, estimated savings	−247,831		
Obligations incurred	512,169	1,130,000	1,450,000

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
1. Power operations	$48,067	$70,000	$70,000
2. Power marketing	97,564	100,000	95,000
3. Purchase of power and rental of facilities	271,418	819,000	1,200,000
4. Advance planning		50,000	
5. General administration	95,120	91,000	85,000
Obligations incurred	512,169	1,130,000	1,450,000

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Total number of permanent positions	53	54	44
Average number of all employees	43	51	42
Average salaries and grades:			
General schedule grades:			
Average salary	$4,703	$5,157	$5,375
Average grade	GS-7.1	GS-7.6	GS-8.1
01 Personal services:			
Permanent positions	$199,442	$268,000	$228,000
Regular pay in excess of 52-week base	735	1,000	1,000
Total personal services	200,177	269,000	229,000
02 Travel	13,982	17,000	10,000
03 Transportation of things	172	1,000	
04 Communication services	4,498	8,000	5,000
05 Rents and utility services	1,537	2,000	
06 Printing and reproduction	473	1,000	
07 Other contractual services	271,418	819,000	1,200,000
Services performed by other agencies	4,919	6,000	2,000
08 Supplies and materials	7,012	5,000	3,500
09 Equipment	6,861	2,000	500
15 Taxes and assessments	1,120		
Obligations incurred	512,169	1,130,000	1,450,000

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year	$36,629	$86,168	$162,168
Obligations incurred during the year	512,169	1,130,000	1,450,000
	548,798	1,216,168	1,612,168
Deduct:			
Adjustment in obligations of prior years	3,503		
Obligated balance carried to certified claims account	3,108		
Unliquidated obligations, end of year	86,168	162,168	312,168
Total expenditures	456,019	1,054,000	1,300,000
Expenditures are distributed as follows:			
Out of current authorizations	426,001	967,832	1,137,832
Out of prior authorizations	30,018	86,168	162,168

Mr. JENSEN. The committee will come to order. We have with us this afternoon the Assistant Secretary in charge of Southeastern Power, Mr. Aandahl and Mr. Charles W. Leavy, Administrator of Southeastern Power. Mr. Aandahl, do you have a statement that you wished to make before Mr. Leavy makes his statement?

Mr. AANDAHL. I think, Mr. Chairman, there is no unusual circumstance about this budget, that Mr. Leavy can just as well start presenting it.

Mr. JENSEN. You have a prepared statement, I presume, Mr. Leavy?

GENERAL STATEMENT

Mr. LEAVY. Yes. I would like to read it. It is quite short. It summarizes the material that is in our justification.

Mr. Chairman and gentlemen of the committee, you are of course already acquainted with the statutory authority for the Southeastern Power Administration and with the activities for which the agency is responsible. In moving along to bring you up to date on the developments which have taken place since our last appearance before you

I might therefore only mention in passing that the agency was established a little less than 4 years ago by the Secretary of the Interior to carry out in a 10-State area of the Southeast the power-disposal responsibilities which are given him by section 5 of the Flood Control Act of 1944, and to invite your attention to the map attached to your copies of this statement which shows the area and the hydroelectric projects with which we are concerned.

GENERATING CAPACITY

First of all, some changes have taken place in the status of the generating capacity at the projects for which Southeastern is marketing agent. For convenience in examining the current status of capacity installations you may wish to follow the table which is the second attachment to the statement.

You will note that there are 7 projects now operating, and that capacity installations have been completed at 6 of these. The seventh project, which is Clark Hill, has more than half of its ultimate capacity installed, with almost all of the remainder scheduled for installation in the current year. More than 900,000 kilowatts of capacity are installed at the projects which are now operating, and this total will be increased to just short of 1 million kilowatts during the remainder of the current year.

In the budget year the last unit at the Clark Hill project will be installed, and a complete installation of all capacity at the Jim Woodruff project will be made, so that the total of installed capacity at the end of that year will exceed 1 million kilowatts.

Thereafter, in the 3 years following the budget year, installations at 3 new projects now under construction will increase the capacity total to more than 1¼ million kilowatts.

The output of the capacity now operating at the projects is being sold under 22 long-term contracts and 2 short-term, interim agreements. The entire output of the capacity now operating at the first three projects shown on the table (Wolf Creek, Center Hill, and Dale Hollow) is being sold to the Tennessee Valley Authority under a long-term contract. The Georgia Power Co. is purchasing the entire output of the Allatoona project under a long-term contract. The Appalachian Electric Power Co. is purchasing the entire output of the Philpott project under a short-term, interim agreement. Under a long-term wheeling and firming contract with the Virginia Electric & Power Co. part of the output of the capacity now operating at the John H. Kerr project is being sold to the company and the other part is being sold under long-term contracts to 17 rural electric cooperatives of Virginia and North Carolina. Part of the output of the capacity now operating at the Clark Hill project is being sold to the South Carolina Public Service Authority and the Greenwood County Electric Power Commission under long-term contracts and the remainder of the output is being sold to the Georgia Power Co. under a short-term, interim agreement.

The status of revenues is set forth on the table which is the third attachment to the statement. You will note that last year's actual revenues reached a total of almost $5 million. We estimate that the total of this year's revenues will be increased to approximately $11,750,000, and that the total revenue for the budget year will be still further increased to approximately $13½ million.

The agency objectives which have been established for the budget year are in a number of important respects a consequence of certain current year circumstances. Without in any way attempting a complete account of all the work currently in progress at the agency, some examination of the current year is nevertheless required in order that the budget year objectives may be defined.

STATUS OF POWER SALES CONTRACTS

The capacity now operating at the Clark Hill project generates power and energy in excess of the deliveries that can be made under the existing long-term contracts with the South Carolina Public Service Authority and the Greenwood County Electric Power Commission. The long-term disposition of the excess over the amount being sold under these two long-term contracts is undergoing Secretarial resolution, along with long-term disposition of the power to be produced by capacity now under construction at Clark Hill for operation in the current and budget years.

The accomplishment of long-term disposition arrangements is a current year objective. It is complicated by three factors: (1) the existing long-term contract with the South Carolina Public Service Authority covers approximately one-half of the power desired by the Authority, and its execution was premised on the expectation that a further long-term contract would be negotiated to cover the remainder; (2) substantial benefits have been preliminarily determined to be available from an integrated operation of Clark Hill with other projects of the area; and (3) the long-term disposal arrangements undergoing consideration have been offered for application also to other projects. The resolution of long-term disposition of Clark Hill power must therefore consider the nature and extent of further sales to the South Carolina Public Service Authority, the measures necessary to secure the benefits of an integrated operation of projects, and the economic and operational consequences of an application of the long-term disposition to projects other than Clark Hill.

The long-term wheeling, firming and sale of power contract with the Virginia Electric & Power Co. provides for the disposal of two-thirds of the Kerr project output to purchasers in Virginia and the northeastern part of North Carolina. The final one-third of the output remains for long-term disposal in that portion of North Carolina in which the Carolina Power & Light Co. is located. The Carolina Power & Light Co., is reserving its final determination of policy on long-term arrangements for power disposal until the remaining long-term contracts for Clark Hill power disposal have been negotiated. In the interim, a temporary disposal of the power is being made to the Virginia Electric & Power Co.

Philpott is the latest project to be placed in operation. Its output is available to purchasers in that portion of Virginia in which the Appalachian Electric Power Co. is located. The company has agreed to the principle of wheeling and firming arrangements on the order of those in effect with the Virginia Electric & Power Co. but has deferred negotiations on a contract until the remaining long-term contracts for Clark Hill power disposal have been negotiated. The entire output of the project is being sold to the company under a short-term, interim agreement.

In the existing long-term contract with the Tennessee Valley Authority for the disposal of the output of the Wolf Creek, Center Hill, and Dale Hollow projects it is established to be the intention of the parties that applicable charges to the Authority shall cover all fair and reasonable costs of producing power and energy, including the amortization over a reasonable period of years of the capital invested therein and allocated to power, and at the same time shall effectuate the policy of Congress to dispose of the power in such manner as to encourage the most widespread use thereof at the lowest possible rates consistent with sound business principles. The contract then provides that the parties will review the results of operations and the determinations of applicable charges at the request of either party, but not at intervals shorter than 5 years unless otherwise agreed, in order to determine jointly whether a change in the applicable charges is necessary to achieve the foregoing objectives. The contract's first 5-year period having now elapsed, Southeastern has requested that a review of rates be conducted.

The results should provide helpful guidance for the accomplishment of budget year arrangements to dispose of the Old Hickory project output to the Authority, and a conclusion of the review is a current year objective.

I might repeat that the foregoing is in no sense offered as a recital of all activities in progress or to be conducted during the current year. The agency is engaged in numerous other tasks, some of them more demanding of effort than those which have been mentioned. Among other things, much effort is necessarily expended at all times on the extensive economic, hydrologic and engineering study required for efficient power operations and proper marketing arrangements. The current year circumstances which have been described are but certain of the more conspicuous links between the current year and the budget year, and demonstrate the need for achieving the objectives adopted for the budget year.

BUDGET OBJECTIVE

In view of these circumstances the agency's budget year objectives are as follows:

First, to replace interim arrangements for the sale of Kerr and Philpott power with long-term contracts.

Second, to establish long-term arrangements for Jim Woodruff power disposal.

Third, to continue the determination of benefits available from an integrated operation of projects and the definition of electrical means required to secure project integration.

Fourth, to arrange with the Tennessee Valley Authority for disposition of power to be generated at the Old Hickory project.

Fifth, to proceed with the continuing body of economic, engineering, and hydrologic study upon which depend the establishment of rates and the accomplishment and maintenance of marketing arrangements.

Sixth, to carry out the greater responsibilities of the budget year with a decreased working force.

An appropriation of $1,450,000, consisting entirely of operation and maintenance funds, is requested for the activities required to prosecute these objectives. The activities are power operations, power market-

ing, general administration, and purchase of power and rental of facilities. The sum of $1,200,000, or more than 80 percent of the total appropriation, is requested for purchase of power and rental of facilities, to be devoted exclusively to the purchases of firming energy and the payment of wheeling fees which will occur during the budget year operation of the existing contract with the Virginia Electric & Power Co. The remaining $250,000 of the appropriation request will provide for the power operations, power marketing, and general administration activities comprising the direct operation and maintenance of the agency headquarters. Of this amount, $70,000 is requested for power operations, $95,000 for power marketing, and $85,000 for general administration.

The budget year objectives represent an increase in work over the current year. Considered from the single standpoint of the marketing arrangements which they contemplate, the objectives are of a greater scope than any previously adopted. The extent of the work increase in all of its aspects may be gaged by the number of contractual agreements to be negotiated.

Replacement of interim agreements for Kerr and Philpott power disposal, and establishment of long-term arrangements for Jim Woodruff power disposal will add at least 28 contracts to the number on hand at the beginning of the budget year; however long-term disposition is resolved.

It is essential to recognize that, while differing in form, the arrangements being considered are, in their work consequences, relatively similar to each other and to the arrangements which now exist.

No corresponding increase is requested in funds for the direct operation and maintenance of the agency headquarters. Rather, the $250,000 requested for this purpose is $61,000 smaller than the sum appropriated for the current year, and provides for a total average working force of 42 persons in contrast to the current year average working force of 51.

Each of the activities to be conducted for attainment of the budget year objectives consists of a set of related tasks. These are enumerated and examined at length in the bound assembly of justification detail which the committee already has. A summation and highlighting of them here may provide some further illustration of the extent of the agency's budget year work.

DESCRIPTION OF ACTIVITIES

The power operations activity is carried out to accomplish supervision of power deliveries as required by contractual arrangements, determination of means to secure project integration, recording of information on generation and deliveries, and calculation of power bills. Constituent tasks of the activity are (1) studies of stream flows and water conditions, (2) scheduling and dispatch of power, (3) meter testing, (4) development of constants and correction factors for use in determining proper billing quantities, (5) studies of loads and generation of the major utility systems to determine the most favorable market for the surplus energy available at the projects, (6) charting and tabulation of power generation and power deliveries, (7) reporting to the Federal Power Commission and to others, (8) preparation of data for billing purposes, and (9) studies to determine methods for coordinating operation of present and proposed generating plants.

These tasks are accomplished continuously in every year. Their scope will increase in the budget year as a consequence of current year resolution of long-term disposal arrangements and the operation of new generating capacity.

The power marketing activity is conducted to prepare for, accomplish, and maintain power disposal arrangements. In its conduct the agency learns the nature, extent, timing and production cost of the power, determines prices, purchasers and delivery measures, and negotiates, executes, administers and services appropriate contracts.

Tasks which make up the activity are (1) determination of the quantities and kinds of power available for sale, (2) evaluation of the cost of amortizing power facilities, (3) investigation of the market, (4) establishment of rates and their presentation for approval, (5) determination of power delivery requirements, (6) negotiation of power sales contracts, (7) administration of such contracts, and (8) determination that revenue is adequate to repay power investment.

Like those of power operations, these power marketing tasks are continuing in nature and their scope will increase with the operation of new capacity and the resolution of long-term disposal arrangements.

The general administration activity is conducted to provide executive management for the agency and to supply the agency with supporting administrative and fiscal services. Its principal tasks are (1) executive direction and control of the agency as a whole, (2) administration of personnel matters, (3) procurement of supplies, equipment and materials, and the conduct of office services, (4) maintenance of accounts which record the several aspects of the agency's fiscal affairs in accordance with the requirements of the Federal Power Commission, the General Accounting Office and others, and (5) preparation of the annual budget estimates and control of the expenditure of appropriated funds. The activity's extent from year to year of course results from and is proportionate to the extent of the agency's other activities.

The purchase of power and rental of facilities activity is maintained to carry out contractual arrangements secured for (1) delivery of power over non-Federal systems to load centers of preferred agencies for the account of the Government, and (2) purchase from such systems by the Government of energy to firm federally generated power up to the load factor required by preferred agencies.

As I mentioned earlier, the appropriation requested for the activity is required solely to meet budget year obligations under the existing contract with the Virginia Electric & Power Co. It will accomplish service to 17 rural electric cooperatives at 72 load centers located within a 150-mile radius of the John H. Kerr project.

The amount of the requested appropriation is based on the estimated critical water year requirements of Kerr project. An exact prediction of water conditions at the project during the budget year is of course not possible. Some portion of the requested funds may not actually be used. The request is premised on critical water conditions in order to eliminate the possibility of a request for supplemental funds during the budget year.

Mr. JENSEN. Without objection, the charts will be made a part of the record at this point.

(The material referred to follows:)

Current year status of generating capacity

	Kilowatts operating at January of current year	Kilowatts under construction for operation in—					Total
		Current year	Budget year	Fiscal year 1956	Fiscal year 1957	Fiscal year 1958	
1. Wolf Creek	270,000						270,000
2. Center Hill	135,000						135,000
3. Dale Hollow	54,600						54,600
4. Allatoona	74,000						74,000
5. Philpott	14,000						14,000
6. John H. Kerr	204,000						204,000
7. Clark Hill	160,000	80,000	40,000				280,000
8. Jim Woodruff			30,000				30,000
9. Old Hickory				25,000	75,000		100,000
10. Cheatham					24,000	12,000	36,000
11. Buford						86,000	86,000
Total	911,600	80,000	70,000	25,000	99,000	98,000	1,283,600

Status of revenues

Projects	Fiscal year 1953 (actual)	Fiscal year 1954 (estimated)	Fiscal year 1955 (estimated)
Wolf Creek Center Hill Dale Hollow	$1,982,100.00	$3,550,000.00	$3,600,000.00
Allatoona	954,076.50	1,100,000.00	1,100,000.00
Philpott		195,635.00	232,760.00
John H. Kerr	1,381,231.73	3,297,595.07	4,215,901.03
Clark Hill	631,177.30	3,618,907.50	4,492,800.00
Total	4,948,588.53	11,762,137.57	13,671,464.03

WHEELING AND PURCHASE OF POWER

Mr. LEAVY. I might add, with respect to this request for funds for wheeling and firming, it may be of some interest to the committee to have that $1,200,000 broken down into these two functions.

It consists of $340,000, approximately, for wheeling fees, and $860,000 for the purchase of firming energy. That is the makeup of that $1,200,000.

Mr. JENSEN. You speak of "rental of facilities." Do you mean wheeling?

Mr. LEAVY. It is wheeling. The arrangement in the Vepco contract is not properly described as a rental of facilities. The Government does not rent, lease, or gain control, in any sense, of the facilities. The company is simply paid a service charge for transmitting power over its own facilities.

Mr. JENSEN. This morning when the Southwestern Power Administration was before the committee, wheeling was also referred to as "rental of facilities" and as a service charge. I mentioned at that time it would be more understandable to everyone concerned if, instead of calling it "rental charges," or "service charge," it be called what it is, "wheeling charge." That is actually what it is.

Mr. LEAVY. That would be descriptive of our situation, certainly.

Mr. JENSEN. We understand what you mean after we have asked a few questions, but the ordinary layman, reading your statement, and the statement of the Southwestern Power Administration, would not know what rental facilities and service charges actually meant. The

proper description of that function is a charge made for wheeling power over the lines of private utilities, REA, and the like.

It seems to me we should always refer to it as "wheeling charges."

You are asking for $320,000 more this year than you have in the current year?

Mr. LEAVY. That is correct. The increase is, of course, all accounted for in the wheeling fee and firming power requirements. Those are simply the funds that are necessary to cary out the Vepco contract.

Mr. JENSEN. That is because you have entered into these contracts which provide that you pay a certain amount to REA and private utilities for wheeling this power that you did not have to pay this year.

Mr. LEAVY. Actually, sir, we have only one contract for wheeling and firming; that is, the Vepco contract. That is the contract we have this year. It is only for that contract that we are requesting funds for the fiscal year 1955.

The difference in the amount is accounted for by two conditions. One is that during this current fiscal year we have not been delivering power through that agreement during the entire year to all of the possible customers, the 17 cooperatives. During the ensuing year, we will be delivering to the entire group for the entire year. The other reason for that increase is that our request for the next fiscal year is based upon the requirements for purchasing firming energy that would occur in the most critical water year that might be expected to occur at the Kerr project. The appropriation for this current year is not adequate for the most critical year.

WHEELING RATE

Mr. JENSEN. What is the wheeling rate?

Mr. LEAVY. We are paying 1 mill per kilowatt-hour for wheeling within a 100-mile area of the project, and 1¾ mills for power that is delivered more than 100 but less than 150 miles from the project. There are two zones. The average rate is a little over 1⅓ mills.

Mr. JENSEN. Do you consider that to be about the actual cost of wheeling this power?

Mr. LEAVY. We consider it to be a reasonable fee and fairly representative of the cost to the company; yes, sir.

DISPOSITION OF CLARK HILL-GREENWOOD TRANSMISSION LINE

Mr. JENSEN. How much of the cost of the Clark Hill-Greenwood transmission line was realized in its sale?

Mr. LEAVY. If you like, I can read a short statement into the record that will cover that and the disposition of the line.

Mr. JENSEN. Proceed.

Mr. LEAVY (reading):

Pursuant to authority contained in the Interior Appropriation Act, 1954, Public Law 172, the Southeastern Power Administration, with departmental concurrence, sold on August 4, 1953, the incompleted Clark Hill-Greenwood transmission line and related facilities, together with all materials purchased in connection therewith, to the Greenwood County Electric Power Commission, a public body of the State of South Carolina.

In accordance with the statute, the property was sold for a consideration which totaled the amounts expended out of both the 1952 and 1953 appropriations for

the line, plus an assumption by the purchaser of all unpaid obligations incurred by the Government against either appropriation.

The preliminary injunction which, together with a ruling by the Comptroller General, originally suspended construction and which prompted the request for legislation to dispose of the line, was dismissed on August 6, 1953. The Roy Richards Construction Co., construction contractor for the Government, immediately reentered upon construction for the Commission and completed the line. On October 2, 1953, the line was energized and power has been flowing to the Commission since that date.

In other words, we have received from the Commission everything that we had expended out of the two appropriations for the line, and they assumed all obligations which we have incurred, for which we had not actually expended money; in other words, the appropriations were made whole.

Mr. JENSEN. Including money that had been expended for plans and specifications?

Mr. LEAVY. It included everything that was spent out of either the 1952 or 1953 appropriation for engineering, surveying,design, planning, materials and construction.

Mr. JENSEN. What was that amount?

Mr. BURT. $326,000.

Mr. JENSEN. The GAO audit report says, "This facility was sold to the Commission on August 4, 1953, for $326,207. The difference of $13,522 between the sales price and the amount recorded in the accounts of the Southeastern Power Administration consisted of, first, liability for contract holdbacks of $5,673, assumed by the Commission, second, equipment retained by the Southeastern Power Administration valued at $3,514, and three, Southeastern Power Administration's capitalized expense of $4,335, which was not included in determining the selling price."

Mr. LEAVY. As they point out, there were certain adjustments in this contract's holdback. There were certain items of office equipment which were not turned over to the Commission which the Government retained, and for which the Commission obviously did not pay. It is my understanding that it was cleared with the local General Accounting Office officials.

With respect to the other matter to which they refer, there are certain imputed costs which do not represent actual expenditures from the appropriations, such things as imputed cost of leave. It was done on strictly a cost accounting basis. In other words, our books show certain imputed costs which did not represent actual expenditures out of that appropriation. Those are not recovered, but will be repaid by Southeastern from its revenues, from a repayment standpoint.

That question has also been discussed with the people in the General Accounting Office some months ago. As far as I know, they are satisfied with that arrangement. I have heard nothing to the contrary.

PROVISIONS IN LONG-TERM CONTRACTS

Mr. JENSEN. Briefly, describe the provisions of the new, long-term type of contracts that are being put into effect.

Mr. LEAVY. The contemplated long-term contracts?

Mr. JENSEN. Yes, those that you plan to put into effect. Do you not have some long-term contracts already consummated?

Mr. LEAVY. Yes. Let me describe the long-term contracts we now have. We have the long-term contract with the Tennessee Valley

Authority, which provides for the sale to the Authority of the entire output of the three plants now operating in the Cumberland Basin.

The majority of the Cumberland Basin is located in the TVA service area. The output of those plants simply goes into the TVA system.

Mr. JENSEN. How long is the term of this contract?

Mr. LEAVY. I cannot recall. It is a long-term contract. It has been in operation for 5 years.

Mr. JENSEN. Can you supply it for the record?

Mr. LEAVY. Yes.

(The material referred to follows:)

Term: This agreement shall be effective upon its execution and, shall continue in effect until canceled by mutual agreement or by either party upon written notice given not less than 10 years prior to the date of cancellation specified therein, the cancellation to be effective not earlier than December 18, 1968.

Mr. JENSEN. Can you tell us the rate for power delivered to TVA now?

RATE FOR POWER DELIVERED TO TVA

Mr. LEAVY. The rate is based not upon actual power generation or deliveries, but is based upon waterflows. It is a rather unusual contract in that respect. The contract provides that for the output of those three plants, the Authority will pay an annual charge of $3.5 million. It further provides that that payment may be adjusted upward or downward. It may be in a particular year as little as three-sevenths of $3.5 million, or in other years, it may be as great as eleven-sevenths, depending on the waterflow into the Wolf Creek Reservoir.

The contract is designed, based upon the water history of that inflow, to return an average of $3.5 million a year, in spite of this variation from year to year, depending on the waterflow.

Mr. JENSEN. Wolf Creek is a TVA dam?

Mr. LEAVY. The three dams, Wolf Creek, Center Hill, and Dale Hollow, are all Corps of Engineers projects in the Cumberland Basin which, as you know, adjoins the Tennessee River Basin. The Interior Department is the marketing agent for these projects, and that power is simply sold by the Department to TVA.

The $3½ million annual charge was designed at the time the contract was entered into to return to Interior an amount adequate to pay off the power investment in the facilities in accordance with section 5.

As I said in my statement, the contract provides for periodic reexamination of the charges in the contract, and a 5-year period has elapsed. We have notified TVA we would like to reexamine the charges. At the time the contract was entered into, the charges were based on some estimates of what the ultimate cost of the projects would be, and on estimates of operation and maintenance expenses.

In fact, some of the costs have been somewhat greater than the estimates and have, therefore, led to a need for some adjustment in the charges. We hope to accomplish that during this fiscal year.

Mr. JENSEN. You mentioned that it is the waterflow into the Wolf Creek Reservoir that governs the amount of money that the TVA will pay for the power of the Southeastern Power Administration projects. How is this accomplished? How do you go about deter-

mining what the flow will be into the Wolf Creek project in relation to the amount of power that you will sell to TVA?

Mr. LEAVY. There is no direct relationship. As I understand the contract, and it was entered into before Southeastern was established, the theory was that going back on the water history of these projects, applying the formula for the $3½ million charge with these upward and downward adjustments based on water flow would, on the average, return the $3½ million which was then thought to be required.

As I understand it, it was felt that if the Government received revenues adequate to repay the project, it was not essential that they be based, necessarily, on the actual generation at the projects, as distinguished from the water inflow.

It is also my understanding that it was generally felt that to base it on water flow would still protect Interior's interest in repaying the investment, and at the same time give TVA more flexibility in the operation of those projects in conjunction with all of its other projects.

Mr. JENSEN. In reality, those three dams have been made a part of TVA?

Mr. LEAVY. They are physically operated by the Corps of Engineers, but from an operating standpoint, they are completely integrated into the TVA operation; that is correct. Their entire output goes into the TVA transmission system.

Mr. LEAVY. It is a most unusual contract. As to any particular year, the price paid may not bear a direct relationship to the power actually generated. But the purpose of the contract is, in the repayment period, to return to Interior enought to pay off the cost of the power facilities.

On an average, that can be done. It was assumed at the time the contract was entered into that that could be done with this payment based on water flow.

Mr. JENSEN. With the $3½ million a year revenue?

Mr. LEAVY. Yes.

Mr. JENSEN. It had been calculated that $3½ million a year revenue from those three dams would pay back all the money that the taxpayers of the country have invested in these three projects.

Mr. LEAVY. It was calculated at that time that it would repay the power investment, the amount allocated to power.

Mr. JENSEN. All those dams are completed?

Mr. LEAVY. Yes, and all in operation.

Mr. JENSEN. It depends on the amount of operation and maintenance of those dams in the future as to whether your calculations have been right?

Mr. LEAVY. We know that the original estimates were somewhat low in some respects. That is why I say that we know there must be some adjustment in that $3½ million figure.

Mr. JENSEN. There is a provision in the contract which permits an adjustment to be made up or down, as the case may be.

Mr. LEAVY. That is correct, sir.

OTHER LONG-TERM CONTRACTS

Mr. JENSEN. The justifications say that the Carolina Power and Light Co., and the Appalachian Power Co. are waiting for final negotiations of the final long-term contract for Clark Hill power

before signing up for Kerr and Philpott project power. Will you tell us why?

Mr. LEAVY. Let me, if I may, go on to briefly finish the answer to your first question on the long-term contracts.

The second long-term contract is for the Allatoona project, which provides for the sale of that power to the Georgia Power Co.

The third long-term contract that we have with a privately owned utility company is the one with the Virginia Electric Power Co., which I think has been explained previously, but it does provide for wheeling of power to preferred agencies, and it provides for the sale by the company to the Government of firming energy.

Under that contract, two-thirds of the output of the project goes into the VEPCO system. A portion of that is sold direct to the company, and a portion of it, 60,000 kilowatts, is sold by the Government to preferred agencies. That 60,000 kilowatts has now all been contracted for and is being delivered under that arrangement to 17 rural electric cooperatives in Virginia and North Carolina.

That accounts for one more private company contract, and 17 long-term contracts with the cooperatives. There remain two other long-term contracts that are in existence. One is a contract for Clark Hill power with the South Carolina Public Service Authority, and the other is a contract for Clark Hill power with the Greenwood County Electric Power Commission.

To get to your last question, the VEPCO contract provides for wheeling and firming by the company, and a direct sale by the Government to the preferred agencies. There has been a proposal, which was made some years ago, and which has been the subject of consideration for some time, a proposal made by the Georgia Power Co., which differs from the VEPCO-type arrangement.

The Georgia power proposal is that the power would all be sold directly to the company, and it would, in turn, sell a specified portion of power to preferred agencies at a specified rate. That matter is now before the Department for consideration. The other companies that are prospective purchasers of power from these projects, namely, the Appalachian company, in the case of Philpott, and the Carolina Power and Light Co. have simply taken the attitude that before they contract on a long-term basis, they would like to see what arrangements are made in Georgia for Clark Hill. They have made various proposals themselves. Appalachian, several years ago, agreed, in general, to the principle of wheeling and firming. CP&L has made a proposal similar to the Georgia power proposal. I assume it is their desire simply to see what other arrangements may be made that may or may not differ from the VEPCO arrangement, and then make up their mind what they would like to propose themselves.

APPROVAL OF POWER RATES BY FPC

Mr. JENSEN. The Flood Control Act provides that rate schedules should become effective only on confirmation by the Federal Power Commission. Schedules have never been submitted to the FPC by the Southeastern Power Administration, except for Allatoona Dam. Can you tell us why?

Mr. LEAVY. The schedules which have not been submitted for approval, which are now the basis of sales, are the schedules on the

Cumberland projects, the schedule on Clark Hill, and the schedule on Kerr.

Power is also being sold from Philpott on a short-term interim basis. That arrangement has received Commission approval. It is not a long-term approval. It is simply approval of this interim basis.

With respect to the Cumberland projects, there has been for some time, as the projects were completed, this question about the adequacy of that $3½ million. We simply have not had a basis, until fairly recently, for going to the Commission with any revision. If 2 years ago, just for example, we had gone to the Commission on the basis of seeking approval of the present contract rates, which we knew were based on certain estimates that were somewhat low, as experience showed, we could not expect to get approval. Therefore, the only basis on which we could expect to get approval would be on the basis of some renegotiated rate. We do propose to go ahead on that.

The 5-year period in the contract has elapsed, and we have given notice we want to renegotiate that rate. When we have reached some agreement on a renegotiated rate, then, we should go to the Commission for approval.

With respect to Kerr and Clark Hill, we have not secured any formal approval of those rates.

Mr. BUDGE. Should not the the rates be submitted to the Federal Power Commission before you enter into the contract with TVA under the law?

Mr. LEAVY. That is a difficult question. There are some problems in the question of what a charge should be that I know are going to be the subject of dispute and of negotiation, and to which no definite answer can be given.

Mr. BUDGE. You signed a contract for 5 years with TVA. You could have signed one for 50 years. In this line of thought, you would not have had to submit it to the Federal Power Commission for 50 years.

Mr. LEAVY. It has seemed to us that it is better to proceed with TVA and try to reach some tentative agreement, and then see if we can get an approval. We believe it is better this way rather than on the basis of securing an approval that would have to be perfectly safe; a maximum basis that might actually be more than would ultimately be agreed with TVA to be the proper amount.

Mr. BUDGE. I think, Mr. Chairman, they should have been before the Federal Power Commission on the matter.

Mr. JENSEN. I think possibly that holds true in many of these contracts. Many contracts were entered into all over the country. Temporary rates were set and a contract was signed. The Federal Power Commission was simply asked to approve the contract. If the Commission did not approve, they would get around it some way. So the Federal Power Commission has very little to say. I believe the Department in the past has been very lax in the demands placed on the different branches of the power-producing agencies of the Interior Department.

I think Mr. Budge has raised a very good point. It is one thing for a body of men that are appointed by the President, with certain responsibilities, to live up to those responsibilities in a way that they are supposed to do, and it is another to have those responsibilities taken out of their hands making them almost completely helpless.

I hope that procedure will be corrected. These rates were set a number of years ago. Construction has been going on. Construction costs have risen in the neighborhood of 100 percent in the last 6 or 7 years. Under present conditions the law says these rates shall be surveyed every 5 years.

We have now come to the place where, should we raise these rates in proportion to what the cost of construction, operation, and maintenance have risen, we would price the Federal power off the market in many instances, especially in those projects that have been built during the past 7 years.

I do believe that Mr. Budge made a very good point when he said that the Federal Power Commission has been, in effect, ignored in this whole contracting program over the past years.

Mr. Aandahl, would you have any comments to make in regard to this discussion?

Mr. AANDAHL. We have been giving this matter some thought over in the Department of the Interior during the past few months. We are of the opinion that the rates should be negotiated between the Department of the Interior and the customers, and then submitted to the Federal Power Commission for approval.

Mr. JENSEN. Before the contract is signed?

Mr. AANDAHL. I have not gotten into that detail so that I have no firm opinion on it. But I am just wondering if the signed contract is binding until it does have the approval of the Federal Power Commission.

I know that as we proceed in this process of contract completion we do want to have the approval of the Federal Power Commission in those cases where it is required by statute.

Mr. JENSEN. Would it not be a simple matter for a contract to be agreed upon by the contracting parties, and then submitted to the Federal Power Commission and say, "Here is our finding. We think the rates which are provided in this contract are the proper rates to be charged, they will pay off the project according to law." You would then have the findings and rulings of the Federal Power Commission before contracts are signed. Both the contracting parties and the people who have to pay this bill, would, in my opinion, feel better about it even though the Federal Power Commission might raise the rates 10 percent, or some comparable amount. The contract would then no tbe subject to later disapproval by the Federal Power Commission.

Mr. AANDAHL. I can say that we have definitely been working in the direction of interdepartmental understanding, that is, we have been trying to work closely with the Corps of Engineers, and we have been in quite constant contact with the Federal Power Commission.

We do have a variety of circumstances in the Pacific Northwest and the Bonneville Power Administration area. The rates for the system are established, and contracts that we negotiate are negotiated under that standard rate schedule for the system. Those rates are subject to adjustment each 5-year period. We are in the process now of submitting a rate adjustment schedule to the Federal Power Commission to be dealt with some time in December of this year.

Mr. JENSEN. I do not want to be considered critical of the course you have taken, because what you did in this instance has been the custom of the Department of the Interior for many, many years. I

presume you felt that it was your responsibility to go ahead along those lines, is that right?

Mr. LEAVY. I did want to complete my answer to your question, so that the record would be complete.

The projects which have come into operation since Southeastern was established are the Philpott, Kerr, and Clark Hill projects. As I stated, the Philpott project is being sold under an interim agreement. That interim agreement, and the rate in it, has received approval for the interim period by the Federal Power Commission.

The rates under which Clark Hill and the Kerr project power are sold have not received approval. However, we were, I would say, prepared to seek approval about the time those projects came into operation. There were in seeking approval questions, primarily as to allocation of costs. There has been, as you know, some difference of opinion as to the proper method to apply.

It was about that time the change in administration was impending. Obviously, the new administration had to have some opportunity to make its own appraisal of that matter.

I am sure that when they have had that opportunity we can proceed. I might, however, say that we are rather proud that the rates that we propose for both Clark Hill and Kerr will pay out under any basis of allocation of cost that has been suggested. We have been quite conservative in assuming contingencies and in assuming what allocations might be made. We feel quite sure that no matter what the basis of the allocation of cost may be those rates are adequate.

Mr. JENSEN. Have you had engineers outside of the Southeastern Power Administration assist you in coming to that conclusion?

Mr. LEAVY. No, sir. What we have simply done is to have our own rate people work out repayment schedules, assuming the highest allocations to power that have been suggested by anyone. Their repayment schedules show that rate would pay out even on that basis.

Mr. JENSEN. But you had no disinterested engineers collaborate with you in coming to that conclusion?

Mr. LEAVY. No; that is correct.

WORKLOAD AND PERSONNEL

Mr. JENSEN. I believe you have already explained how many employees are engaged in each of the activities shown in the budget, have you not?

Mr. LEAVY. I have not broken it down. I think there is something with respect to those activities that I might explain. The 4 activities include the wheeling and firming requirements. So, actually, there are 3 activities only that involve the employment of personnel under our request for fiscal year 1955, that is, power operation, power marketing, and general administration.

In comparing the amount for personnel available during this fiscal year and that requested, I stated that there was $61,000 difference. I might explain that very briefly. In this year's appropriation there were funds for the power operations, power marketing and general administration activities and also funds for advance planning. There is no request for advance planning as such for 1955.

What I think should be explained to the committee is the nature of the work that has been done under that, since some of that work will need to be done under power operations and power marketing.

You will recall that for fiscal 1953 there were advance planning funds appropriated as a construction item. Those funds were used in fieldwork that anticipated or contemplated construction. There was some discussion of that matter last year. The funds that were appropriated for this fiscal year for advance planning have not been used for the purpose of fieldwork or for construction or as an anticipation of construction. Funds were appropriated under the operation and maintenance item and have been used for the purpose of making, primarily, integration studies, that is, studies to see what would be the result of integrating the operation of various plants.

They have not been directed primarily, as I say, at construction but they have been directed primarily at seeing what benefits could be derived from integration, no matter how it might be carried out. It might, for example, be possible to carry it out contractually. That type of work will in some measure need to continue during the next year. That is why in comparing both personnel and funds I have included this year's advance planning in making the comparison with the request for 1955, although advance planning is not requested as such.

The type of work that has been carried on will need to be continued to some extent.

Mr. JENSEN. Should not the customers be required to do their own engineering?

Mr. LEAVY. I have no question that the customer should be required to do its own engineering. However, we have not done engineering for any of our customers or prospective customers. It is is necessary for us to do our own engineering in order to protect the interest of the Government in these transactions.

After we have a contract signed the only engineering that we do is to administer the contract from our standpoint. We do not do any engineering to benefit the customers.

Mr. JENSEN. If disposal of power under the Georgia plan, or some modification thereof is put into effect, will not the workload be almost nonexistent?

Mr. LEAVY. No, sir. The workload, I would say, would be affected in one important respect. The effect of that would not be immediately felt but it would obviously decrease the work in connection with the administration of the contracts, that is, there would be fewer bills to send out, fewer meter tests to make, and that sort of thing. It would not decrease the immediate work of the agency in negotiating contracts or in dealing with prospective customers, since that proposal does contemplate that the Government will contract with each of the preferred agencies.

The preferred agencies will not purchase from the Government but the Government will contract with them as to what they will receive. Therefore, the immediate problem of contract negotiation is not materially affected by that.

One other respect in which it would not affect the work as materially as might appear at first blush, is that the work in the administration of a contract is not by any means equal as between different contracts. The major job from our standpoint in administration of contracts and in operating under contracts is in connection with these large contracts, of the type we have with VEPCO, South Carolina Public Service Authority, and with Greenwood. The amount of work re-

quired is much less in connection with the smaller preferred agencies.

Therefore, the bulk of the workload from that standpoint would still remain even under the Georgia Power type proposal, since under that proposal you would still have a basic contract with the company, just as we have with VEPCO.

As I say, that is where the real problems come in operating and that is where the real workload comes. I would say there would still be a great deal to do, that there would in the future be some less work in connection with contract administration, but that would not be felt immediately, and that most of the work that we are doing on contract administration and operations would remain with the big contracts.

Mr. JENSEN. It always appeared to me that when an agency of the Interior Department had negotiated a contract with a distributing agency, regardless of who they might be, your main job would be to read the meter to see how many kilowatts of power are sent into that line. The workload would be more or less a matter of bookkeeping and billing.

Mr. LEAVY. I think that might in some sense apply to certain types of customers. But actually that approach treats the customers as though they were retail customers, simply someone who gets what they need, and you read the meter and send them the bill. These big contracts that we have, the VEPCO contract, South Carolina Public Service Authority, the Greenwood contract, and these future contracts, whatever their form, with other companies, are not a simple matter of supplying someone either all of their requirements, or supplying them with everything that happens to be available at the project. There are great areas of flexibility in those contracts. It is necessary to make day-to-day determinations as to how the reservoir, for example, should be operated within the limits that the Corps of Engineers set.

You must make day-to-day decisions as to how much energy will be made available to the customers, whether you have secondary energy to make available, whether you have dump energy to make available. These are determinations that require study and engineering judgment, since you must determine the way in which you can secure the most revenue from the use of that available water, whether it is better to use it today to generate power or hold it until next month. That is the big task in the operation of these contracts. It is in connection with those big customers who have contracts with areas of flexibility in what they will receive.

Mr. JENSEN. That should not take many employees to determine, should it?

Mr. LEAVY. We do not have very many employees doing that but it does take the time of several people to do it alone. That is without respect to the type of contract you have with the company. There are other things that we must do. As the justification points out, there are all manner of incidental engineering studies and economic studies. That question of operations is one of the big tasks. Another task is the question of negotiation of contracts. The VEPCO contract took us a year and a half to negotiate. We had a half dozen of our top people tied up most of the time on that.

Another thing that takes a great deal of time in terms of manpower is the preparation of repayment schedules——

Mr. JENSEN. I can understand a lot of work has to be done in the negotiating of contracts. But I am inclined to believe that more people are employed to do what is required than is necessary.

I am inclined to believe that holds true in every one of our producing and distributing agencies in the Department of the Interior. I believe we are getting down to a more reasonable number of employees for this kind of work than has been the case in the past. But I still feel that there is some room for saving.

Mr. FENTON. I think Mr. Leavy's statement is one for which he should be congratulated, because of its clearness and brevity. It is one of the best that I have had occasion to read for a long time.

Mr. LEAVY. Thank you, sir.

ALLOCATION OF CONSTRUCTION COSTS

Mr. FENTON. Do you know offhand what the cost of these three original dams were, Wolf Creek, Dale Hollow, and Center Hill?

Mr. LEAVY. I do not know offhand. Mr. Wigglesworth, do you recall that?

Mr. WIGGLESWORTH. I do not have that information with me.

Mr. FENTON. You do not know what the cost of the power facility was?

Mr. LEAVY. Might we supply that to you? There is a range of cost, depending on the type of cost allocation that is applied.

Mr. FENTON. Supply, if you can, the cost of all these dams enumerated in the southeastern area.

Mr. LEAVY. We will do that, sir.

Mr. FENTON. And the allocation of the power cost.

Mr. JENSEN. You would want the estimated cost of those not completed brought up to date?

Mr. FENTON. Yes.

Mr. LEAVY. I wonder on the allocation if we might supply a range of possible allocations since, as I understand it, we probably are not in a position to fix that definitely at this point. Is that correct, Mr. Aandahl?

It would seem to me we could supply a range. If we supply a definite figure at this time I think we will be prejudging possibly a determination that the Department may not have made in all cases.

Mr. AANDAHL. I think you could identify the cost allocations as set up by the constructing agency, and you could identify any cost allocations that Southeastern has made thus far. That would be two different figures that could be submitted. We are trying to work out an interdepartmental understanding and get together on those. But that has not been completed yet.

(The material referred to follows:)

Project	Corps of Engineers		Southeastern Power Administration	
	Estimated Federal investment	Allocated to power	Estimated Federal investment [1]	Allocated to power
Dale Hollow	$27,661,000	$21,266,700	$27,805,700	$16,873,700
Center Hill	48,387,500	34,985,000	47,783,500	29,535,200
Wolf Creek	85,914,000	64,020,500	85,914,000	58,328,200
John H. Kerr	92,660,000	73,147,000	91,362,000	63,000,000
Philpott	14,064,000	9,626,000	14,014,000	7,394,000
Allatoona	32,500,000	24,949,800	32,500,000	20,000,000
Clark Hill	83,645,000	76,781,000	82,419,000	60,000,000
Jim Woodruff	48,708,200	29,291,900	48,135,000	13,203,000
Total	433,539,700	334,067,900	429,983,200	268,334,100

[1] Difference from corps estimates is due to a difference in the computed amount of interest during construction.

REPAYMENT PERIOD

Dr. FENTON. You say that TVA pays approximately $3½ million annually for the power from those three dams?

Mr. LEAVY. That is the basic charge. It can vary from year to year and has varied.

Dr. FENTON. Have you arrived at a time limitation of the repayment period?

Mr. LEAVY. It is my understanding—I am not too familiar with these figures—that at the outset, when that contract was negotiated, the repayment period was 62 years. I believe that is the basis of that $3½-million charge, or one of the bases.

AREA POWER SITUATION

Dr. FENTON. What is the general situation in the Southeast as far as power supply is concerned?

Mr. LEAVY. I would say it is materially better than it was a few years ago. Most of the companies, of course, have been making large installations. So far as I know most of them are in much better condition than they were a few years ago, so far as reserve capacity is concerned.

Dr. FENTON. Is there any crying about a shortage of power in the area?

Mr. LEAVY. I do not believe there has been a great deal of talk in that area recently of a power shortage.

Dr. FENTON. Are there any dams being constructed now in the southeastern area outside of the ones that are under construction and enumerated by you here?

Mr. LEAVY. This list, I believe, covers all of the dams that are presently under construction.

Dr. FENTON. There are no other dams being constructed in the Southeast?

Mr. LEAVY. The ones which are now under construction I have given you. They are the last four on this tabulation, Old Hickory, Cheatham, Buford, and Jim Woodruff.

AUTHORIZED PROJECTS

Dr. FENTON. Do you know of any others that are being contemplated?

Mr. LEAVY. There are a number of other projects that are in the authorized category.

There are apparently 15 authorized projects. I can read those off to you, if you like, or I can supply a list for the record.

Dr. FENTON. Will you file it for the record?

(The material referred to is as follows:)

Project	State	Total name-plate capacity	Additional authorized	Initial operation
		Kilowatts	*Kilowatts*	
Carthage	Tennessee	23,000		April 1957.
		23,000		July 1957.
		23,000		October 1957.
		23,000		January 1958.
Gathright	Virginia	17,000		
Falling Springs	do	17,000		
Celina	Kentucky	21,600		February 1958.
		21,600		May 1958.
		21,600		September 1958.
Howell Mill Shoals	Alabama	40,000		June 1961.
		1,800		July 1961.
		40,000		September 1961.
		40,000		December 1961.
		40,000		March 1962.
		40,000		June 1962.
			40,000	
			40,000	
Fort Gaines	Georgia-Alabama	32,500		December 1961.
		32,500		February 1962.
		32,500		April 1962.
		32,500		June 1962.
Hartwell	Georgia-South Carolina	60,000		December 1959.
		60,000		March 1960.
		60,000		July 1960.
			60,000	
			60,000	
Stewarts Ferry	Tennessee	13,500		1956.
Jessamine Creek	Kentucky	13,900		
Salem Church	Virginia	64,000		
Three Islands	Tennessee	9,000		1958.
Millers Ferry	Alabama	57,000		
Jones Bluff	do	51,000		
Booneville	Kentucky	7,300		1958.
Bluestone	West Virginia	180,000		1959.

Dr. FENTON. You say the payoff period is estimated to be 62 years?

Mr. LEAVY. It is my understanding that on those Cumberland projects 62 years was the period adopted. That is not the period that we have been using on other projects. We have used a 50-year repayment period.

Mr. BUDGE. Mr. Leavy, I note that power which goes to TVA, as I understand you, was all the power from Wolf Creek, Center Hill, and from Dale Hollow; is that correct?

Mr. LEAVY. That is correct.

BASIS OF REVENUE FROM TVA

Mr. BUDGE. I note that in fiscal 1953 your revenues from that project were a little under $2 million, for the current fiscal year they are estimated roughly at $3½ million, and for the coming fiscal year, 1955, you estimate them at $3,600,000. How do you arrive at that estimate?

Mr. LEAVY. The estimate is based upon the anticipated average figure under the contract, which is $3½ million. In the fiscal year just passed the water inflow was less than the basic figure on which the $3½ million was based. Therefore, there was a downward adjustment.

In the prior year the payment was actually around $4 million. The water conditions were more favorable and the payments were adjusted upward from the $3½ million. The estimate for this fiscal year, therefore, in the absence of any knowledge of what water conditions will be, is the basic $3½ million.

I think the question in your mind is why for fiscal year 1955 is it $3,600,000. The reason for that is that the original contract which specified the $3½ million figure was based upon the complete installation at Wolf Creek and Center Hill, and on two generating units at Dale Hollow. It contemplated there might be a third unit installed at Dale Hollow, and that unit has in fact been installed.

We estimate that roughly $100,000 additional revenue on the original formula would accrue by applying it to that additional unit.

Mr. BUDGE. You still have the water factor involved; have you not?

Mr. LEAVY. Yes, indeed. Those are simply estimates based upon an anticipated average condition.

Mr. BUDGE. In other words, this $3,600,000 that you estimate for fiscal 1955 could very possibly drop down to the fiscal year 1953 figure in case of a dry year?

Mr. LEAVY. It would be as little as three-sevenths of the amount or as great as eleven-sevenths. That is correct. That payment is subject to that variation in either direction.

RESPONSIBILITY FOR COST ALLOCATIONS

Mr. BUDGE. Going back to our discourse a few minutes ago on submitting contracts to the Federal Power Commission, I do not know whether the Federal Power Commission could approve the rates set forth on the fluctuation of water in the streams. I think that is something to explore, Governor. Another thing I am wondering about is that when these projects are authorized by the Congress they are authorized on the basis of the allocations to power and to other purposes, the reimbursable items, the nonreimbursable items. Congress approves them as the figures are set up by the Corps of Army Engineers as being reimbursable and nonreimbursable.

Now, if the Department of the Interior comes along and says that instead of having a certain amount being reimbursable they are going to cut the amount down or raise it, what happens to your original congressional determination of feasibility? Would you care to enlighten me on that?

Mr. AANDAHL. I feel the several departments that are involved in any project should be in agreement on the question of cost allocations. We are trying to work out an understanding so that we can be in agreement. I am not too confident that that is going to be accomplished. But we have made a good deal of progress in it.

However, the statute that establishes the Department of Interior as the power sales agency for the hydro power from these projects

leaves the question pretty much open as to whose responsibility it is to determine cost allocations.

It is quite logical to assume that the same cost allocations should be used in determining rates as is used in getting the appropriation for the project. But that is not definitely spelled out in the law. The thing we are trying to do, as I say, is to get these several departments that have responsibility in connection with any project to come into agreement on this question of cost allocations.

Mr. BUDGE. That is what I am getting at. I might come before the Congress on a Corps of Engineers' project in my district, and I would say to the Congress that 80 percent of this project is going to be reimbursable from power revenues. The Congress says that it sounds reasonable, and they authorize the project. The Government spends the money for it, and then some place along the line, at a later date, the Department of the Interior decides that only 50 percent of the cost is reimbursable; is that being fair with Congress?

Mr. AANDAHL. I am in accord with your point of view. You can appreciate that there are very difficult administrative problems in reconciling those facts at the moment.

Mr. BUDGE. I can appreciate that very little has been done on that score in the last 20 years, because I have seen a lot of evidence of it previous to the last calendar year.

Mr. Leavy, so far as you have progressed in this 5-year contract with TVA, do you feel that you are going to comply with what you say on page 10 of your statement, and I quote, "Determination that revenue is adequate to repay power investment"?

ADEQUACY OF RATES

You said a little while ago that in the last two projects coming in, you felt they would be repaid within the 50 years under any allocation schedule. Do you feel the same about the three projects of which the power goes to TVA?

Mr. LEAVY. I feel that there will have to be some adjustment made in that basic charge. It is difficult to tie the thing down too tightly at this point, since the contract which has been in existence for 5 years was entered into on a particular basis.

I do not know how much influence that will or should have in arrival at a final determination.

Mr. BUDGE. What I am driving at is, do you feel that during the past 5 years, if you proceed on that basis, the Government will receive back its investment, as you say it should?

Mr. LEAVY. I feel clearly in two respects that I mentioned it would not, simply because the payment was based on estimated project costs, which were somewhat lower than actual costs, and were based on estimated operation and maintenance expenses that were lower than the cost which has actually been incurred.

Clearly, the $3½ million has not been enough to take care of those items.

Mr. BUDGE. The Southeastern Power Administration has been selling power to TVA at a lesser rate than it should have under the law if it is planning to amortize the Federal investment?

Mr. LEAVY. We have taken the first opportunity for a unilateral request for a rate determination. The contract provides that either

party after 5 years may request it. Five years elapsed last December. We promptly made our request.

We expect to go ahead, and if there is any deficit in that first 5-year period, it appears to me that it should be picked up in the remainder of the repayment period.

Mr. BUDGE. In the first 5 years of operation the rate charged TVA has not been consistent with the repayment of Federal investment as required by law? Would this be a fair statement of what you have been saying.

Mr. LEAVY. Let me make one comment on that. In many of these contracts you cannot categorically say in the first few years that the repayment is necessarily adequate, since you are usually dealing with a situation where the final costs are not known until some time after the contract starts operation. You start the operation of a contract when the first unit in the first dam went in. There is some lapse of time until completion of the projects and final costs are known. That is why frequently the Federal Power Commission approves rates only for an interim period. There is a reexamination to see whether the actual costs have been consistent with the estimates upon which the rates were based.

Mr. BUDGE. I can understand that, but it also seems to me these problems should have been resolved in 5 years' time. This contract has been in effect for 5 years.

TERM OF CONTRACTS

I note you have a contract for 74,000 kilowatts with the Georgia Power Co. Is that a private utility?

Mr. LEAVY. That is right.

Mr. BUDGE. Privately owned power company?

Mr. LEAVY. That is right.

Mr. BUDGE. When was that contract entered into and what is the term.

Mr. LEAVY. I do not recall the exact date of the contract. Operation under the contract started February 1950. That is a long-term contract. There, again, I do not recall the precise term. I do recall there is a 3-year cancellation clause in it.

Mr. BUDGE. You do not know whether it is for 15, 20, or 25 years or what?

Mr. LEAVY. I do not know precisely. I can furnish that information.

Mr. BUDGE. When was the contract with VEPCO entered into?

Mr. LEAVY. August 8, 1952.

Mr. BUDGE. How many kilowatts are involved?

Mr. LEAVY. The contract provides for the sale or for the delivery into the company's system of two-thirds of what is agreed to be the dependable capacity of the plant. I believe that the latest figure that has been agreed upon is approximately 168,000 kilowatts; is that right, Mr. Wigglesworth?

Mr. WIGGLESWORTH. 157,000. After certain other projects are completed we will have approximately 179,000 kilowatts.

Mr. BUDGE. What is the length of that contract?

Mr. LEAVY. It automatically renews itself for successive 5-year periods unless there is a 3-year notice of cancellation.

Mr. BUDGE. It is definite to its final term?

Mr. LEAVY. Yes.

Mr. BUDGE. I wanted to ask that because Secretary Aandahl, Secretary McKay, and other members of the Department have been subjected to what I consider very unfair criticism in the press and in a number of publications because they suggested that they might, when the contract expired, renew a contract with a small private utility in the State of Wyoming where there were only a few thousand kilowatts of power involved.

I have determined here that we have two long-term contracts which were entered into prior to the time that Secretary Aandahl and Secretary McKay took office. I know the Southwest Power Administration has long-term contracts which cannot be canceled by the Government. I also know that the Bonneville Power Co. has contracts with nonpreference customers in excess of 1 million kilowatts a year. And yet we have had all this material being disseminated from Washington, Mr. Secretary. I think you have had the brunt of attention on it, that you are going to give away Federal power to nonpreference customers.

Right here we have about 250,000 kilowatts on long-term contracts to nonpreference customers. I do not recall the figures of Southwest Power, but they are substantial. They are long-term contracts with no withdrawal clause, and Bonneville Power has over 1 million kilowatts on 20-year contracts. How much the Bureau of Reclamation would have I do not know. I wanted to clear the record in that regard, that this is not the first administration that has considered selling excess power to other than preference customers.

Mr. JENSEN. I have been very well aware of that fact, as has every member of this committee, for many, many years. It is just as unfair as it can be to accuse the present administration and the Interior Department of entering into long-term contracts to other than preference customers for power that is produced at these Federal dams.

I know where most of that criticism originates. The facts are that most of the criticism of Mr. Aandahl originates with former employees of the Department of the Interior, high officials of the Department of the Interior, who are doing it for one reason and for one reason only, to give this administration a black eye, if possible. But they are not going to get by with this because facts speak for themselves. We have the facts and at the proper time the American people will know the facts.

I am sure, Mr. Aandahl, that all of us know you well enough to know that you are going to comply with the law as it exists today relative to this distribution of power from Federal dams. This committee is going to comply. We always have and we always will. But it is not very pleasant to have all these smear articles and insults piled on innocent backs. But thank the Lord the American people are intelligent people and they can readily distinguish facts when they are properly presented, and they will be in due time.

Mr. JENSEN. We want to thank you for your appearance here. You have been very anxious to give us facts, and you have given us facts and answered our questions to the best of your ability and understanding.

WEDNESDAY, JANUARY 20, 1954.

BUREAU OF LAND MANAGEMENT

WITNESSES

HON. ORME LEWIS, ASSISTANT SECRETARY FOR PUBLIC LAND MANAGEMENT
EDWARD WOOZLEY, DIRECTOR
DEPUE FALCK, CHIEF, DIVISION OF ADMINISTRATION
WALTER H. HORNING, CHIEF, DIVISION OF FORESTRY
EARL G. HARRINGTON, CHIEF, DIVISION OF CADASTRAL ENGINEERING
ROYALE K. PIERSON, CHIEF, BRANCH OF SOIL AND MOISTURE CONSERVATION

MANAGEMENT OF LANDS AND RESOURCES

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$11,060,000	$11,483,000	$11,625,000
Reimbursements from non-Federal sources	114,471	135,745	125,500
Reimbursements from other accounts	180,033	154,105	152,000
Total available for obligation	11,354,504	11,772,850	11,902,500
Unobligated balance, estimated savings	−63,397		
Obligations incurred	11,291,107	11,772,850	11,902,500
Comparative transfer from "Construction and rehabilitation, Bureau of Reclamation"	345,421	230,384	
Total obligations	11,636,528	12,003,234	11,902,500

NOTE.—Reimbursements from non-Federal sources above are from copying fees (64 stat. 418) and from the proceeds of sale of personal property (40 U. S. C. 481 (c)).

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
Direct Obligations			
Appropriated funds:			
1. Lease and disposal of mineral resources	$604,625	$675,000	$884,750
2. Land use and disposal	1,341,738	1,394,016	1,614,483
3. Management of grazing lands	1,550,518	1,565,000	1,553,355
4. Forestry	2,369,195	2,507,500	2,623,540
5. Cadastral survey	1,126,003	1,063,868	1,687,960
6. Soil and moisture conservation	1,436,377	1,725,000	1,718,472
7. Squaw Butte experiment station	37,765	38,000	38,000
8. Fire suppression	319,080	210,000	210,000
9. Maintenance of physical facilities	24,327	25,000	85,000
10. Weed control	1,312,122	1,300,000	
11. General administration	1,203,592	1,210,000	1,209,500
Total obligations from appropriated funds	11,325,342	11,713,384	11,625,000
Reimbursements from non-Federal sources:			
1. Lease and disposal of mineral resources	6,418	8,475	7,500
2. Land use and disposal	41,557	36,200	36,000
5. Cadastral survey	34,155	32,250	32,000
11. General administration	23,455	30,970	30,000
12. Replacement of personal property sold	24,844	27,850	20,000
Total obligations payable out of reimbursements from non-Federal sources	130,429	135,745	125,500
Total direct obligations	11,455,771	11,849,129	11,750,500
Obligations Payable Out of Reimbursements From Other Accounts			
1. Lease and disposal of mineral resources	47,424	44,830	44,000
2. Land use and disposal	21,795	11,400	11,000
3. Management of grazing lands	10,628	8,040	8,000
4. Forestry	6,895	4,500	5,000
5. Cadastral survey	70,547	65,535	65,000
6. Soil and moisture conservation	10,534	12,500	12,000
8. Fire suppression	187		
10. Weed control	3,804		
11. General administration	8,943	7,300	7,000
Total obligations payable out of reimbursements from other accounts	180,757	154,105	152,000
Total obligations	11,636,528	12,003,234	11,902,500

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Summary of Personal Services			
Total number of permanent positions	1,388	1,432	1,501
Full-time equivalent of all other positions	216	207	235
Average number of all employees	1,496	1,535	1,637
Average salaries and grades:			
General schedule grades:			
Average salary	$4,737	$4,751	$4,767
Average grade	GS–7.1	GS–7.4	GS–7.4
Crafts, protective, and custodial grades:			
Average salary	$2,900	$2,934	$2,950
Average grade	CPC–3.1	CPC–3.1	CPC–3.1
Ungraded positions: Average salary	$4,237	$4,286	$4,237
Personal service obligations:			
Permanent positions	$5,908,955	$6,288,015	$6,647,064
Other positions	810,919	772,387	827,442
Regular pay in excess of 52-week base	23,556	24,375	23,385
Payment above basic rates	159,227	130,842	111,463
Total personal service obligations	6,902,657	7,215,619	7,609,354
Direct Obligations			
Appropriated funds:			
01 Personal services	6,713,019	7,056,411	7,454,654
02 Travel	664,797	724,759	894,434
03 Transportation of things	85,845	79,792	84,184
04 Communication services	82,925	85,371	86,250
05 Rents and utility services	67,304	61,052	31,123
06 Printing and reproduction	59,169	75,853	79,700
07 Other contractual services	1,710,263	1,862,365	1,521,810
Services performed by other agencies	66,256	56,389	60,000
08 Supplies and materials	1,023,605	982,860	724,457
09 Equipment	488,512	292,864	343,753
10 Lands and structures	346,061	420,874	330,000
13 Refunds, awards, and indemnities	1,786	2,000	2,000
15 Taxes and assessments	21,017	18,497	18,335
Subtotal	11,330,559	11,719,087	11,630,700
Deduct charges for quarters and subsistence	5,217	5,703	5,700
Total obligations from appropriated funds	11,325,342	11,713,384	11,625,000
Reimbursements from non-Federal sources:			
01 Personal services	74,431	69,381	70,280
02 Travel	1,544	5,454	5,020
06 Printing and reproduction	16,482	15,200	13,805
07 Other contractual services	5,707	750	3,305
08 Supplies and materials	4,119	2,610	2,500
09 Equipment	25,169	17,850	22,590
10 Lands and structures		21,500	5,000
13 Refunds, awards, and indemnities	2,977	3,000	3,000
Total obligations payable out of reimbursements from non-Federal sources	130,429	135,745	125,500
Total direct obligations	11,455,771	11,849,129	11,750,500
Obligations Payable Out of Reimbursements From Other Accounts			
01 Personal services	115,207	89,827	84,420
02 Travel	30,965	24,453	26,540
03 Transportation of things	3		
04 Communication services	368		
06 Printing and reproduction	807	565	456
07 Other contractual services	21,618	24,550	27,360
08 Supplies and materials	10,794	12,865	10,640
09 Equipment	421	1,300	1,684
15 Taxes and assessments	574	545	900
Total obligations payable out of reimbursements from other accounts	180,757	154,105	152,000
Total obligations	11,636,528	12,003,234	11,902,500

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year	$2,027,465	$1,549,010	$1,532,010
Obligations incurred during the year	11,291,107	11,772,850	11,902,500
	13,318,572	13,321,860	13,434,510
Deduct:			
Adjustment in obligations of prior years	36,794		
Reimbursements	294,504	289,850	277,500
Obligated balance carried to certified claims accounts	23,266		
Unliquidated obligations, end of year	1,549,010	1,532,010	1,657,010
Total expenditures	11,414,998	11,500,000	11,500,000
Expenditures are distributed as follows:			
Out of current authorizations	9,456,424	10,000,000	10,050,000
Out of prior authorizations	1,958,574	1,500,000	1,450,000

Construction

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$2,750,000	$2,000,000	$3,000,000
Prior year balance available	266,305	1,909,106	789,106
Total available for obligation	3,016,305	3,909,106	3,789,106
Balance available in subsequent year	−1,909,106	−789,106	
Obligations incurred	1,107,199	3,120,000	3,789,106

Obligations by activities

Access roads:	
1953	$1,107,199
1954	3,120,000
1955	3,789,106

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
BUREAU OF LAND MANAGEMENT			
Total number of permanent positions	12	12	12
Full-time equivalent of all other positions	1	1	1
Average number of all employees	12	12	12
Average salaries and grades:			
General schedule grades:			
Average salary	$4,534	$5,051	$5,051
Average grade	GS–7.1	GS–8.5	GS–8.5
01 Personal services:			
Permanent positions	$49,809	$60,465	$60,490
Other positions	4,006	4,000	5,375
Regular pay in excess of 52-week base	210	235	335
Payment above basic rates	147		
Total personal services	54,172	64,700	66,200
02 Travel	9,310	10,000	10,000
03 Transportation of things	1,700	300	300
04 Communication services	699	700	700
05 Rents and utility services		500	500
06 Printing and reproduction	15		
07 Other contractual services	5,470	10,000	19,000
08 Supplies and materials	3,123	3,500	3,500
09 Equipment	5,009	2,000	2,000
10 Lands and structures	4,854	103,300	92,800
15 Taxes and assessments	292		
Obligations incurred	84,644	195,000	195,000

Obligations by objects—Continued

Object classification	1953 actual	1954 estimate	1955 estimate
ALLOCATION TO BUREAU OF PUBLIC ROADS, DEPARTMENT OF COMMERCE			
Total number of permanent positions	25	25	25
Full-time equivalent of all other positions	10	10	35
Average number of all employees	34	28	49
Average salaries and grades:			
General schedule grades:			
Average salary	$3,813	$3,843	$3,907
Average grade	GS-5.3	GS-5.3	GS-5.3
01 Personal services:			
Permanent positions	$90,451	$69,000	$74,000
Other positions	28,819	28,600	103,600
Regular pay in excess of 52-week base	437	400	400
Payment above basic rates	9,713	7,000	7,000
Total personal services	129,420	105,000	185,000
02 Travel	5,531	10,000	14,500
03 Transportation of things	216	2,000	6,000
04 Communication services	68	300	800
05 Rents and utility services	3,450	5,000	9,000
06 Printing and reproduction	506	700	2,200
07 Other contractual services	54,772	75,000	110,000
08 Supplies and materials	18,505	25,000	60,000
09 Equipment	296		
10 Lands and structures	809,403	2,700,000	3,204,106
15 Taxes and assessments	1,133	2,000	2,500
Subtotal	1,023,300	2,925,000	3,594,106
Deduct charges for quarters and subsistence	745		
Obligations incurred	1,022,555	2,925,000	3,594,106
SUMMARY			
Total number of permanent positions	37	37	37
Full-time equivalent of all other positions	11	11	36
Average number of all employees	46	40	61
Average salaries and grades:			
General schedule grades:			
Average salary	$4,047	$4,235	$4,278
Average grade	GS-5.9	GS-6.3	GS-6.3
01 Personal services:			
Permanent positions	$140,260	$129,465	$134,490
Other positions	32,825	32,600	108,975
Regular pay in excess of 52-week base	647	635	735
Payment above basic rates	9,860	7,000	7,000
Total personal services	183,592	169,700	251,200
02 Travel	14,841	20,000	24,500
03 Transportation of things	1,916	2,300	6,300
04 Communication services	767	1,000	1,500
05 Rents and utility services	3,450	5,500	9,500
06 Printing and reproduction	521	700	2,200
07 Other contractual services	60,242	85,000	129,000
08 Supplies and materials	21,628	28,500	63,500
09 Equipment	5,305	2,000	2,000
10 Lands and structures	814,257	2,803,300	3,296,906
15 Taxes and assessments	1,425	2,000	2,500
Subtotal	1,107,944	3,120,000	3,789,106
Deduct charges for quarters and subsistence	745		
Obligations incurred	1,107,199	3,120,000	3,789,106

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year	$772,128	$1,225,824	$1,845,824
Obligations incurred during the year	1,107,199	3,120,000	3,789,106
	1,879,327	4,345,824	5,634,930
Deduct unliquidated obligations, end of year	1,225,824	1,845,824	3,134,930
Total expenditures	653,503	2,500,000	2,500,000
Expenditures are distributed as follows:			
Out of current authorizations	653,503	1,000,000	1,000,000
Out of prior authorizations		1,500,000	1,500,000

Range Improvements

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$360,292	$374,654	$400,000
Prior year balance available	313,948	231,489	53,333
Reimbursements from non-Federal sources	1,011	1,000	1,000
Reimbursements from other accounts	2,194	2,000	2,000
Total available for obligation	677,445	609,143	456,333
Balance available in subsequent year	−231,489	−53,333	−23,333
Obligations incurred	445,956	555,810	433,000

NOTE.—Reimbursements from non-Federal sources above are from the proceeds of sale of personal property (40 U. S. C. 481 (c)).

Obligations by activities

Range improvements:	
1953	$445,956
1954	555,810
1955	433,000

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
BUREAU OF LAND MANAGEMENT			
Total number of permanent positions	20	29	29
Full-time equivalent of all other positions	25	27	27
Average number of all employees	40	45	45
Average salaries and grades:			
General schedule grades:			
Average salary	$4,122	$3,909	$3,909
Average grade	GS-6.0	GS-5.9	GS-5.9
Crafts, protective, and custodial grades:			
Average salary	$5,315	$5,315	$5,315
Average grade	CPC-10.0	CPC-10.0	CPC-10.0
Ungraded positions: Average salary	$3,450	$3,760	$3,760
01 Personal services:			
Permanent positions	$61,825	$93,835	$93,835
Other positions	75,240	63,873	48,000
Regular pay in excess of 52-week base	300	350	350
Total personal services	137,365	158,058	142,185
02 Travel	7,097	8,270	7,000
03 Transportation of things	9,471	10,600	9,500
04 Communication services	347	425	400
05 Rents and utility services	2,037	2,525	1,200
07 Other contractual services	61,665	113,012	80,000
08 Supplies and materials	102,365	135,573	110,873
09 Equipment	24,897	31,800	21,100
10 Lands and structures	61,423	71,110	59,242
13 Refunds, awards, and indemnities	25		
15 Taxes and assessments	1,129	1,510	1,500
Obligations incurred	407,821	530,883	433,000

Obligations by objects—Continued

Object classification	1953 actual	1954 estimate	1955 estimate
ALLOCATION TO FISH AND WILDLIFE SERVICE			
Average number of all employees	10	7	
01 Personal services:			
Positions other than permanent	$30,276	$19,790	
Payment above basic rates	48	31	
Total personal services	30,324	19,821	
02 Travel	3,390	2,215	
05 Rents and utility services	738	480	
07 Other contractual services	1,563	1,020	
08 Supplies and materials	1,940	1,270	
15 Taxes and assessments	180	121	
Obligations incurred	38,135	24,927	
SUMMARY			
Total number of permanent positions	20	29	29
Full time equivalent of all other positions	35	34	27
Average number of all employees	50	52	45
Average salaries and grades:			
General schedule grades:			
Average salary	$4,122	$3,909	$3,909
Average grade	GS-6.0	GS-5.9	GS-5.9
Crafts, protective, and custodial grades:			
Average salary	$5,315	$5,315	$5,315
Average grade	CPC-10	CPC-10	CPC-10
Ungraded positions: Average salary	$3,450	$3,760	$3,760
01 Personal services:			
Permanent positions	$61,825	$93,835	$93,835
Other positions	105,516	83,663	48,000
Regular pay in excess of 52-week base	300	350	350
Payments above basic rates	48	31	
Total personal services	167,689	177,879	142,185
02 Travel	10,487	10,485	7,000
03 Transportation of things	9,471	10,600	9,500
04 Communication services	347	425	400
05 Rents and utility services	2,775	3,005	1,200
07 Other contractual services	63,228	114,052	80,000
08 Supplies and materials	104,305	134,843	110,873
09 Equipment	24,897	31,800	21,100
10 Lands and structures	61,423	71,110	59,242
13 Refunds, awards, and indemnities	25		
15 Taxes and assessments	1,309	1,631	1,500
Obligations incurred	445,956	555,810	433,000

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year	$134,309	$78,072	$80,882
Obligations incurred during the year	445,956	555,810	433,000
	580,265	633,882	513,882
Deduct:			
Reimbursements	3,205	3,000	3,000
Unliquidated obligations, end of year	78,072	80,882	80,882
Total expenditures	498,988	550,000	430,000
Expenditures are distributed as follows:			
Out of current authorizations	498,988	241,000	296,000
Out of prior year authorizations		309,000	134,000

Mr. JENSEN. Representative Budge will act as chairman of this subcommittee for the public land section.

Mr. BUDGE. We are very happy to welcome again Assistant Secretary of the Interior, Orme Lewis, who appeared previously before

this committee last year, and also we have with us the Director of the Bureau of Land Management, Mr. Edward Woozley. I believe this is Mr. Woozley's first appearance before the committee.

Biographical Sketch of the Director

It has been the practice heretofore to request the new heads of agencies to give the committee a little personal background of themselves, and I am asking you, Mr. Woozley, to do that at this time.

Incidentally, I might state that Mr. Woozley comes from my State, and I have known him for quite some years.

Mr. Woozley. Thank you, Mr. Budge. It is a matter of personal pleasure to appear here with Mr. Lewis and the other members of the Bureau of Land Management staff, and it is a pleasure to meet with my own Congressman, Mr. Budge, who is from my district, and I feel rather fortunate.

I might say that I was born and reared in southeastern Idaho, on a farm, and I still own the farm and operate it.

In addition to operating the farm, for 10 years I worked with the Farm Credit Administration in making budgets and loans for production credit loans, and for long-term agriculture loans, through the land bank in Spokane, Wash.

In 1947 I was given the opportunity to assist in managing Idaho's State lands, some 3 million acres, and I moved to Boise and lived there until last May when I came back here and was given the opportunity to head the Bureau of Land Management, and I might say that I am very pleased with that assignment. I have found the people very cooperative and everybody anxious to improve our organization and to assist in its operation.

Since you are busy men, I do not think that I care to take up more of your time, unless you have some question you wish to ask me.

Mr. Budge. I think it might be helpful to the committee if you would give the committee the tieup which you had with the State of Idaho, something about the general nature of the work and how it relates to the work you are doing with the Federal Government.

Mr. Woozley. Yes, Mr. Budge. I was State land commissioner of the State of Idaho, which is an official selected by the five top elected officers of the State, consisting of the State land bureau, a constitutional body.

This board's responsibility, along with others, is to manage and dispose of the State lands, for the benefit of the various State institutions, of which the public schools are the largest beneficiary. We had about 3 million acres to manage, of which about 2¼ million acres were under grazing leases. Some of these lands also are under leases of various kinds, for minerals, phosphate, oil and gas and other mineral leases.

We have no mineral disposal program in the State itself. We had about a million acres of forestry land in the State, part of which also is grazed, and we also were given the State recreational lands to manage.

We were able to bring in about $7 million from the use of those lands in the last biennial that I was actually there, and that gave me an opportunity to study closely the land which should be in private ownership, and those which remained in State ownership; and it

also gave me the opportunity to correlate the State activities with various Federal agencies, such as grazing, forestry, and minerals, and having been a member of the Columbia interagency committee, that gave me an opportunity to study and correlate the entire operations in the State with the various private and Federal groups.

So, that work is not too much different from this, except that the land laws are entirely different from the State land laws, and also we are operating on a much larger scale, with some 180 million acres in the continental United States, and about 340 million acres, I think in Alaska—I do not think it has ever been completely surveyed, but it is approximately that amount.

The work that I have been doing up until May 1 has been very similar to the work I am doing in the Bureau of Land Management.

Mr. BUDGE. Secretary Lewis, do you have some statement that you would like to make to the committee before we continue with Mr. Woozley?

Mr. LEWIS. I have no prepared statement. I would like to say that we are very, very pleased with Mr. Woozley and the way that he has taken to the job, and we were, of course, very fortunate in getting a man with the background that he has just explained, because it enabled him to step in much more quickly than the average individual could have done.

My appearance is because I thought I should be of such assistance as I could concerning the questions that may come up and on which the answers are not given by Mr. Woozley or the other witnesses, but I thought it best that the bureau that presents its budget should respond to any questions. However, I will be glad to step in at any time you may wish.

Mr. BUDGE. We appreciate your being here, and your willingness to assist the committee.

Mr. Woozley, do you have any statement you would like to make to the committee on the budget at this time?

GENERAL STATEMENT

Mr. WOOZLEY. Mr. Chairman, I have a general statement, consisting of about five pages, that I should like to place in the record, which I can read or just summarize, as the committee may wish.

Mr. BUDGE. We will leave that up to you. We will place the complete statement in the record, if there is no objection, and then if you wish, you may summarize it, or you can read it. We will leave that entirely to your discretion. It may be that we could save time by just having you summarize it, unless you care to do otherwise.

Mr. WOOZLEY. I think I can summarize it more quickly, and get to the questions possibly a little earlier. I think we might just as well place the statement in the record, and I would like to summarize it if I may.

Mr. BUDGE. If there is no objection, the general statement of Edward Woozley, Director, Bureau of Land Management, Department of Interior, will be placed in the record at this point.

(The statement referred to follows:)

The Bureau of Land Management is asking for appropriations of $11,625,000 for the fiscal year 1955 for its regular operations and $3 million for road construction. This latter amount is reimbursed to the Treasury from the proceeds

of timber sales. The Bureau is deeply conscious of efforts to balance the budget and believes that the program submitted to the Congress will assist in attaining that objective. The amount requested for operations is slightly below that available for the current fiscal year but by rearranging its programs, the Bureau anticipates that it will increase its revenues by $10.2 million over the amount collected during last fiscal year. The work done in the Missouri River Basin for which funds heretofore were appropriated to the Bureau of Reclamation, is now included as part of our regular program.

A. THE BUREAU'S PLACE IN THE NATIONAL ECONOMIC PICTURE

The Bureau of Land Management is responsible for the administration of valuable natural resources owned by the people of the United States. These resources are varied in character as well as valuable and are greatly in demand by private industry and by the general public. The revenue obtained from their lease and sale greatly exceeds the expenditures of the Bureau.

The Bureau of Land Management seeks to conserve and develop the resources under its administration. It seeks to promote their use by private enterprise and to encourage the users to assist in the conservation and revitalization of the resources. It seeks to carry out its work efficiently with maximum results at minimum costs—

(1) By concentrating its efforts on those lands which should remain in Federal ownership:

(2) By placing in private ownership those lands which should not be retained by the Federal Government;

(3) By assisting the States to obtain title to the lands to which they are entitled under their grants; and

(4) By facilitating exchanges with States or individuals where the land pattern indicates more efficient administration thereby would be accomplished.

As an indication of the importance of resources on Federal lands to the general economy, it is noted that on the 180 million acres of public lands used for grazing, over 10 million head of livestock in the United States use these lands at least a part of the year. Five percent of the total petroleum production comes from Federal lands in addition to nearly all of the potash and significant amounts of other minerals. A substantial portion of the country's commercial timber is located on lands administered by the Bureau including the vast areas of Alaska and what is possibly the most valuable single stand of federally owned timber in the United States, the O. and C. lands in Oregon.

Within these areas are important watersheds adjacent to the major power and irrigation projects of this country which require constant protection and improvement.

B. THE OUTLOOK FOR 1953

The outlook for the years immediately ahead reflects an expanding economic base and an increasing population for the Nation. These two factors alone will exert increasing pressure on our land and resources, giving every reason to believe that the demand for them will be sustained at a high level.

Within the framework of general business activity, with its ever-increasing demand for lands and resources, several factors have been of special importance to the work of the Bureau. More effective means for tapping underground sources of water, together with improvements in heavy earth-moving machinery, have encouraged the demand for irrigable lands in the West. Homesteading has been spurred by similar developments and, in addition, by veterans' preferences and privileges.

Expansion of cities and towns in the West and Alaska, construction of new industrial plants in isolated areas of the West, including atomic energy facilities, and heightened demand for desert and mountain recreational retreats have contributed to an accelerated demand for small tracts. Increasing competition for available lands and resources has encouraged applications to secure title to public lands under various of the public land laws, including public sales and exchanges.

In the minerals field the intensive search and recent discoveries of uranium together with the constant exploration for new reserves of oil and gas have acted as a stimulant to the Bureau's business. This has been accentuated, particularly in view of new developments in prospecting and drilling for petroleum deposits. Considering these factors plus the oil production expected from the outer Continental Shelf the Bureau's business in the minerals field should reach a new all-time high.

The demand for timber is expected to continue at a rate in excess of our ability to meet it. Sales on the O. and C. lands in Oregon should show a slight increase but a substantial increase is expected in sales on public domain lands.

Two barometers help indicate the extent of the Bureau's workload. One is the number of inquiries, the other is the number of actual applications. In 1953 over 100,000 written inquiries were received, which indicates continuing interest by the general public.

The crystallization of that interest into action is clearly indicated by the rapid increase in the number of applications for lands or resources.

For 1940–45 such applications averaged 8,000 per year. In 1953, they totaled more than 40,000 cases, a fivefold increase over the wartime average and about double the average for 1946–49. New applications received during the first 5 months of fiscal year 1954 total 15,500 cases, slightly more than the same period in 1953 and this trend is expected to continue.

C. THE FINANCIAL OUTLOOK FOR 1955

During the fiscal year 1953 total revenues were $66,800,000. This represents a figure of more than 3 times the amount collected in 1947 when this Bureau first began operations. In 1954 it is estimated that revenues will approximate $74 million. In 1955 by realining its programs and concentrating its efforts on income-producing activities, the Bureau expects its collections to reach $77 million.

D. BUDGET REQUEST FOR 1955

The budget request for 1955 has been formulated with the factors just outlined in mind and in addition the clear need for economy. The Bureau is definitely in agreement with attempts to balance the budget not only by reducing expenditures as far as possible but by seeking new sources of income and increasing revenues from existing sources.

In order to accomplish this the request for funds for 1955 is slightly below the amount available to the Bureau during the current fiscal year and there has been a shift in emphasis to those activities which require immediate attention and which will bring the greatest return to the Treasury. This has resulted in substantial increases in some activities while maintaining the current status or temporarily deferring others.

Minerals

Despite efforts of the Bureau a serious backlog exists in processing acquired lands cases and assignment or operating agreements on producing areas and in making field examinations. There also has been added the work involved in conforming existing leases on the outer Continental Shelf as well as issuing new ones. This is a new phase of our minerals activity.

An increase of $210,000 is requested. Of this amount $100,000 is for adjudication operation in connection with cases involved in the outer Continental Shelf, producing areas or acquired lands and $110,000 is to bring the rate of field examination to a point where the number closed will approximate the volume of new cases.

Revenues from mineral leasing are expected to increase from $49.1 million in 1953 to $56 million in 1955.

Lands

This activity has experienced the greatest diversification of increased interest, for it is here that the individual seeks to obtain use or title to lands. Frequently it is necessary to examine the individual tracts and determine their suitability for the purpose requested before action can be taken on the applications. In an effort to close the maximum number of mineral cases which produce greater revenue in recent years action was subordinated in the lands cases. There now exists a serious backlog due primarily to the need for individual field examinations. The problems attendant upon a backlog require an undue proportion of time in correspondence which will cease as the backlog is cleared.

In order to reduce the backlog an increase of $138,000 is requested for field examination, and $75,000 for adjudication. An increase of $12,000 also is requested for an accelerated records development program which will make additional valuable office space available. Land classification in the Missouri River Basin is included. Funds for this purpose previously were appropriated direct to the Bureau of Reclamation.

Forestry

The salvage program of harvesting windblown timber in the O. and C. areas of western Oregon will continue through this fiscal year, much on the same plane as in 1954. It is not anticipated there will be any major increases in timber sales in that area. However, an increase of $66,150 is included for increased costs of fire protection contracts.

On the public domain lands increased sales are expected, largely as the result of the location and availability of small amounts of merchantable timber to supply local demand. An increase of $23,600 is requested to provide help to effect these sales and an increase of $32,750 for fire protection, largely for contracts with States or the Forest Service.

Cadastral surveys

The cadastral survey program embraces the largest amount of increase, $636,132. Under the regular program which will continue at approximately the current level efforts will be intensified to facilitate pending timber sales and mineral lease application. Of the increase $540,000 is for work in connection with the outer Continental Shelf and for surveys of school sections in Utah, Arizona, and California. The development of oil and gas and material uranium deposits in these areas has placed new emphasis upon the value of these lands. There is no doubt that the States are being deprived of considerable revenue at this time because of the inability to pass title to school sections until the surveys are made. $100,000 is to expedite the surveys in Alaska of townsites, business sites, and lands for settlement to facilitate the Territorial development.

Work in the Missouri River Basin will be continued at a slightly reduced scale. Funds for this work previously were appropriated to the Bureau of Reclamation.

Other operational activities

In order to intensify our efforts on the income-producing activities without requiring an increased appropriation it is proposed to continue grazing administration, soil and moisture conservation, and general administration at their present levels and to defer the weed-control program while we evaluate the results of work accomplished to date.

The need for greater supervision of the rangelands and of an expanded soil and moisture conservation program is unquestioned. Much good has been accomplished and much more will be accomplished at the present rate of progress.

The weed-control program also has accomplished much in the 3 years it has been in operation, but the Bureau believes that the national budget will be assisted to a greater degree by curtailing this program during the coming fiscal year and taking steps to increase receipts. This pause will give us an opportunity to evaluate the success of the steps already taken and to determine the methods which should be employed in the future when the fiscal situation will permit its resumption.

Construction

An increase of $1 million is requested in order to permit continuation of this program at an expanded level to open up areas of overmature and salvage timber on the O. and C. lands in Oregon. Timber sales on these lands are expected to amount to $15 million and it is proposed to reimburse the Treasury from these sales. Language also has been proposed to provide for reimbursement to the Treasury of costs of operation and maintenance of roads already completed.

APPROPRIATION REQUEST

Mr. WOOZLEY. Mr. Chairman, the Bureau of Land Management is asking for an appropriation of $14,625,000 for the fiscal year 1955. Of this amount, $11,625,000 applies to our general operating appropriation and $3 million for construction of access roads in the O. and C. areas in Oregon. This latter amount is to be reimbursed to the Treasury from the proceeds of timber sales.

While administration of the oil-producing areas in the outer Continental Shelf has been added to its area of responsibility, the amount requested is slightly less than that available in the current fiscal year. However, the Bureau anticipates that its income will continue to in-

crease by realining its activities to provide increases in those producing revenue through emphasizing the lease and disposal of lands and mineral resources and forest management. An increase in cadastral surveying also is requested to facilitate the above income-producing activities, and to permit States to acquire title to school sections granted to them by law.

Recognizing the need for continued protection of the lands from erosion while keeping its appropriation request to the minimum, the Bureau proposes to continue its range management and soil and moisture conservation functions at their present level and to defer the weed-control program to permit evaluation of the work performed to date and to chart the future course of the program.

Receipts by the Bureau amounted to $66.8 million in fiscal year 1953. These are expected to increase to $74 million in the current fiscal year and to $77 million in fiscal year 1955.

I think, briefly, gentlemen, that covers our lands, forestry, cadastral survey, minerals, and construction, and all of the other soil and moisture program, very briefly. And of course we want to go into as much detail as the committee wishes.

EXPLANATION OF INCREASES

Mr. BUDGE. Would you give the committee any individual changes, either up or down, which have been made with reference to the individual items in the budget, and the manner in which they affect the entire budget?

Mr. WOOZLEY. Mr. Chairman, as we have discussed this budget, and we will just attempt to explain the budget as we have finally arrived at the needs.

We feel that the lease and disposal of mineral resources has been lagging to the point where the backlog has been built up that should be reduced, in the interest of income and service, and we feel that there should be some emphasis placed on reducing the backlog in the disposal of mineral resources.

That is also true of land use and disposal, so we have asked for some increase for each of those.

In the first instance, in mineral resources, the possibility of leasing land in the Continental Shelf is present, and we think we need about $50,000 to handle that phase of it.

In the land use and disposal, I am sure that you men in Congress have been plagued by the number of letters you received from your constituents about the inability of the Bureau to service those cases, and we feel that if we can get the backlog caught up we can save about 25 percent of the time of some personnel in running down these problem cases, and the number of delays, and that would also be timesaving to you people in your effort to serve your constituents.

We do not anticipate any change in the cost of management of grazing lands. We will have to absorb some in-grade promotions.

In forestry there is a slight increase, caused mostly by the protection problem in the O. and C. land, where we have the matured timber. The problem is to keep it from going to waste, which involves one of access roads.

We are asking for a slight increase there.

We are asking for quite an increase under cadastral surveys. In Alaska we need some additional surveys in order to make the land available for the people who wish to build commercial enterprises, and to build homes and businesses.

In some of our public-land States, the surveys have been neglected; there have been lags in surveys to the point that many of the States are now losing some of the resources that should be going to them, through mineral leases. If the surveys were made promptly, the States would be entitled to the land, and would receive the revenue from the leasing of the lands, the revenue going into the State school funds.

So that we are asking for quite an increase under cadastral surveys. And, the Chief of that Division has assured me that we can build the personnel up to the point that we can use the funds efficiently and effectively.

Under soil and moisture conservation we feel that the present program is adequate—well, I would not say adequate, but is satisfactory, and no increase is asked in that program.

The Squaw Butte experimental station appears to be about the same.

Fire suppression, we have estimated that as the same as this year. That is an estimate.

We have asked for an increase in maintenance of physical facilities. Some of the temporary buildings are badly in need of repair and painting, and we do need some maintenance on some of our roads which have been constructed. We expect the maintenance will be paid back from timber sales.

The biggest change is for weed control, which has been principally in the control of halogeton.

If we are going to increase the emphasis on these phases of those that I have mentioned as being necessary, then we will have to hold back on weed control.

We expect to be able to continue our research and study in cooperation with the State universities, and with the extension services to determine the best methods of dealing with halogeton.

As you know, we are now right in the middle of our reorganization program. Several teams have completed the surveys. I think on some of them the work is now complete.

CHANGES IN ORGANIZATION

We are studying the proposed changes in organization, and we expect to be able, when we get them completed, to have more people actually down at the grassroots and fewer in Washington and fewer in what we call the regional offices. Which means eventually giving us an opportunity to drop some of the costs of administration, but during the transfer period when we are moving these people to other places, when we are sending the personnel from Washington and from the regions under the decentralized program, and effecting this reorganization, we cannot say that we can cut down very much.

There are two things that might be brought to your attention. In the past, about $200,000 a year has been appropriated for our cooperative efforts in the Missouri Basin, but has been appropriated to

the Bureau of Reclamation. This year we are adding that to our appropriation.

Mr. BUDGE. And that will not be repeated to the Bureau of Reclamation.

Mr. WOOZLEY. That is correct.

Then there is a $43,000 item formerly appropriated to us, which we will have to transfer to the General Services Administration for rent.

I think Mr. Falck and his staff, who have made a very detailed study of this item, will be able to give you more detailed information, Mr. Chairman.

REDUCTION IN WEED CONTROL PROGRAM

Mr. BUDGE. Suppose we start out with this item of weed control. I notice that in the present fiscal year the Bureau of Land Management received $1,300,000 for that purpose. What do you feel as to dropping that program in its entirety, as is recommended in this budget?

Mr. WOOZLEY. Well, we certainly do not like to do it. But we were faced here with a considerable cut in the program, in order to attempt to balance the budget and reduce our appropriation.

It seemed to us that we might very well get rid of the backlogs, if we could, and get the thing on a current basis, and get the earnings built up, which are now being held in abeyance, because we cannot actually service these applications. And then we can resume the weed control program again, provided we have the proper research and the know-how to accomplish it.

Mr. BUDGE. Do you feel that additional research is warranted at this time?

Mr. WOOZLEY. Well, I believe that is true, in a sense. We have Mr. Pierson, who is here personally and can respond to that question. We are using sprays and doing seeding on these ranges, especially with reference to Halogeton. But even with the money we have expended on the Halogeton area, the area of infestation has been greatly enlarged. We think we need a reevaluation of the whole program to see what we can do, and see whether we have the answer to it. And if we were to reduce the program, let us say, 60 percent of the present amount, and spread it over 5 or 6 States, the amount left for reseeding and other control factors would be pretty small.

REGIONAL OFFICES

Mr. BUDGE. At the hearing last year the committee was disturbed about the regional offices, those that were maintained by the Bureau of Land Management and other Department of Interior agencies, feeling that perhaps too much emphasis was being given to the regional offices, and not enough emphasis toward having the personnel out in the field where the work is going on. Has anything been done to correct that situation?

Mr. LEWIS. May I comment here on the broad overall departmental policy, Mr. Chairman?

Mr. BUDGE. Yes.

Mr. LEWIS. It might be more helpful to do that, than just to talk about the Bureau of Land Management.

The Secretary set out some time ago to have a survey made of each one of the Bureaus, and by survey, I mean, to get some individuals, and in most instances we were fortunate in being able to get some of them from outside, that is, some nongovernmental people, as well as some governmental people, but not from the Bureaus that were affected.

There were 5 or 6 men on each of these teams. They were requested to plan the organization of the Bureaus, as they might see fit, to study the functions and come to a conclusion as to how the studies should be conducted, and then to decide whether they should go out into the field or to look over the offices, and then come back to the Department and ask questions that necessarily arose from their trip and their investigations.

Out of the knowledge they gained, and it usually took them around a 60-day period of time, they wrote a report upon the organization, and upon which the reorganization was based.

The way the report was handled was they sat down with the secretarial group, that is to say, the Secretary, the Assistant Secretary particularly affected, and those people on the technical review staff of the Department overseeing the overall organization and the heads of the particular Bureau, and they discussed the entire matter, so that their report was submitted following that in final form, to the Secretary. The Under Secretary, and the particular Assistant Secretary who approved it in toto, or made a few changes, and sent it to the Bureau head for implementation. The Bureau head, of course, if he ran into any practical problems that might arise, would consult with the people that I have mentioned as to whether any changes might be made.

Some of those have been completed. Some of those are in the course of being completed. This particular one, for the Bureau of Land Management, has been completed, but has not been put into effect; it is just beginning to reach that stage.

The reports vary considerably from bureau to bureau and as to the method of management, because of the very different nature of the bureaus.

We had equally good fortune in the great deal of interest on the part of all the people who made up these teams. They were mostly men who were obtained through top management, that is, outstanding men.

I recall in one instance, I guess it was the Indian Bureau, the team was headed by a man sent to us by the head of the Santa Fe Railroad. who was particularly adapted to this kind of work. He sent us the president of all the nonrailroad organizations of the Santa Fe Railroad.

The same thing was done by Mr. Wood, of Sears, Roebuck, which is a widespread organization we felt might have problems of management that would be somewhat similar.

The fellow that we got there was one who came up from the Southwest area.

Another instance, we obtained a lawyer from the Northwest, who did not happen to be extremely active, but an outstanding lawyer in Seattle, who in every sense of the word took a broad view and was able to give his time to it, and he entered a team, the other two being outsiders. One was a mining man, from Salt Lake City, and the

other was a man that had had experience in timber and came from Oregon.

All of them were men of far more than ordinary experience, the type of men that you hire for many hundreds of dollars a day if you happen to hire them on that basis. We had a very hard time paying them, because they disliked to do this work for money, but we felt it best that we should pay them as is done under the usual arrangement, which probably was not adequate to cover their expenses during their short visits.

That is the general method we followed, and we have almost completed all of them.

Parks is being implemented now. And this one we have spoken to you about, the Bureau of Land Management, and the Indian Service is just beginning. The report is complete, but the work of implementing it is just beginning, waiting until we get something from the Indians.

Territories has been completed, the national parks—that is not quite completed, but all of the suggestions are in now.

Now, in short, the general effect of this all the way through is that while most of these reports recommended continuation of the area or regional directors, and cutting down those offices very materially and giving them supervisory functions, so that the Director would be in a position where he is receiving reports not from "forty-eleven" different offices, but from fewer sources, with the authority for decisions. Almost everyone has been dwindling down these area offices, with the number of people in the office being cut very materially, not in the sense that we are doing away with them, because we are going to have so much work to do. It is not a matter of getting rid of them, but a matter of getting the use of their time properly.

Those people have been pushed down, in the field of Bureau of Land Management, that is, the appeals have been cut down so that we will have a maximum of 3, as against 6 in the past, 6 stages of appeals, which will give far more time to the individual involved than under the old system.

And, by the same token, it will save considerable time and a lot of labor and we will have eliminated 3 out of the 6 stages that we presently take, so that the general effect of that, running through the field of all of these agencies, makes it possible that while the work is not eliminated, we might find some reduction in cost of administration later on.

Mr. BUDGE. I am sure the committee will be happy if that result can be achieved. I know the committee has to some extent felt that the regional offices were simply "elbows in the pipe," that slowed down the communications from the Washington office to the field, and vice versa.

Mr. Secretary, I wonder if you would furnish for the record a brief summary of this reorganization plan for the Bureau of Land Management, what its effect will be, particularly in connection with this justification you are discussing, and also what, if any, effect it will have upon the budget. That, of course, will have to be submitted sometime later.

Mr. LEWIS. May I make this comment? Of course, we will be glad to furnish the information to the committee, but I think in a preliminary way I can answer the last question you asked, Mr. Chairman.

We do not anticipate that it will have any effect on the overall budget. We do anticipate that in about a year's time, that is, when it goes through an entire fiscal year, that it will have the effect on the general administration items of the budget. And in the sense of the regional offices, and the Washington office, as far as the other items of the budget are concerned, we hope that it will have no effect on them, except to be able to push the same people into the work and help us take care of this backlog, which is extraordinarily bad, and rather startling to those of us who are new, and we hope it can be caught up. But we will furnish you with that information, Mr. Chairman.

Mr. BUDGE. We appreciate that.

(The information requested follows:)

REPORT ON THE ORGANIZATION AND MANAGEMENT SURVEY, BUREAU OF LAND MANAGEMENT

The following major organizational changes have been approved on the basis of the organizational and management survey of the Bureau of Land Management.

1. *Washington office.*—The Washington office should be reorganized along the following lines:

(*a*) *Staff role.*—The responsibilities of the Washington office staff should be limited to major decisions of policy, overall direction, supervision and inspection, liaison, information, and such limited other duties as cannot be handled elsewhere. The survey report indicates that the Washington staff was frequently concerning itself with the details of field operations.

(*b*) *Assistant to the Director.*—Establish a new position of assistant to the Director to aid in carrying out the recommendations of the report and to perform continuing staff work on organization and major procedures.

(*c*) *Assistant Director (Technical Activities).*—An Assistant Director should be responsible for all technical staff functions—land, minerals, forestry, range, and cadastral engineering—and coordination of technical and progress reports, related statistics and special studies. This group is to be limited exclusively to staff work; technical operations in Washington are to be under the other Assistant Director.

(*d*) *Assistant Director (Operations).*—An Assistant Director (Operations) should be responsible for personnel, budget, accounting, administrative services, and the Washington office operations relating to land classification, land and minerals adjudication and examination, and cadastral engineering for closed land States, land records, patents, and certain other operating functions which cannot be decentralized.

(*e*) *Field commissioners.*—Provide for traveling field commissioners reporting to the Director as soon as a revised appeals procedure is developed.

(*f*) *Information and legal.*—The Offices of the Chief Counsel and Information would remain the same.

Under the existing organization, there is an Associate Director and an Assistant Director with no specific functional assignments and the following offices and divisions reporting directly to the Director:

Office of the Chief Counsel
Office of Information
Office of International Activities
Division of Minerals
Division of Administration
Division of Cadastral Engineering
Division of Forestry
Division of Range Management
Division of Lands

Under this arrangement, technical staff and operating responsibilities were combined.

2. *Regional offices.*—Regional headquarters should be mainly responsible for cadastral surveying, legal matters, centralized administration services and direction and inspection of the new BLM State land offices. The number of regions are to be reduced and adjustments made in regional staffs.

3. *BLM State offices.*—The present offices should be strengthened to become the action and operating offices of the Bureau. To accomplish this, the land classification and examination functions should be transferred to these offices and they will be given greater power to make final decisions. The concept of local area offices below the State level is not considered practical except for district grazing and forestry offices.

GENERAL ADMINISTRATIVE EXPENSES

Mr. BUDGE. I notice that the general administration item is just as large this year as it was last year, and I am happy to have your comment as to your anticipation that the situation may be corrected.

Mr. LEWIS. I would say that we are quite certain we will be able to correct it. Whether it will be corrected as fast as we might desire, or you might desire, it is a little difficult to tell right now, but that it will go down, we have no doubt.

CONSTRUCTION ESTIMATE

Mr. BUDGE. Mr. Woozley, your construction item is up very sub stantially this year. Will you give the committee the justification o that?

Mr. WOOZLEY. We have with us, Mr. Chairman, the man who is going to furnish the detailed information, Mr. Horning, Chief of the Forestry Division, who is very familiar with the roadbuilding program, and if it meets with your permission, I am going to ask him to explain in detail why we need that additional money.

Mr. BUDGE. We will be very glad to hear him.

Mr. HORNING. Mr. Chairman, for the record, my name is Walter H. Horning, Chief, Division of Forestry, with headquarters here in Washington.

On the question of the construction program, as already pointed out, all of that is for the construction of timber access roads, which are in the course of construction on what is known as the reconveyed O. and C. land in western Oregon. Our general road program is building roads incident to the contracts for the sale and cutting of timber. So far as possible, wherever we can, we normally hit the large bodies of timber. Many of them are in rather inaccessible areas, where the cost of construction to open up that timber is material. The timber is subject to rather rapid deterioration because of age, or is not making any new growth, or is decaying, or there is loss incident to severe epidemics of bark beetle, which has caused serious losses in the timber.

The job of building roads to open up those areas is so large that it cannot be done speedily through the usual procedure of having roads built under the timber sales contract. It is into those areas that we are building these access roads.

There are a number of situations where we are building roads into areas where there is a considerable quantity of timber blown down by storms in the past several years, and that in itself has aggravated the epidemic of bark beetles. Those insects feed on the blown-down timber, and from that spread to the surrounding green timber, and kill much of the good standing timber.

The most effective means known by the Bureau of Entomology for controlling insects, or that particular insect, is to cut and remove from the forest the host materials upon which the insect breeds. So that is an important element in this road program, and accounts for the relatively large increase in the last 2 years in the construction of these roads. As Mr. Woozley pointed out, we have an arrangement in the past 2 years in the appropriation act language which provides that 25 percent of the gross income from the sale of that timber shall go into a special account in the Treasury to reimburse the Treasury for the cost of building these roads. That $3 million which is requested this year will be reimbursed by that 25 percent, we are sure.

Thus far, in the first 6 months of this fiscal year, we have already collected approximately $6 million, and that is the half of a year in which the receipts generally run a little less than in the second half. The spring season of the year is when the timber business is most active, and when the receipts are larger. This year, for the first half of this fiscal year, the collections are substantially higher than they were in the same period of the preceding year. So we are quite certain that by the end of next fiscal year, that all of the money required to reimburse the $3 million appropriated will already be paid into the Treasury.

Mr. BUDGE. Do I understand you correctly to say, that if this $3 million item is appropriated, that it will have been reimbursed to the Treasury within the present calendar year?

Mr. HORNING. That is partly correct, not within the second half of the calendar year, but by the end of the next fiscal year.

RECEIPTS

Mr. BUDGE. In that connection, without objection, I would like to place in the record the tabulation appearing on pages 5 and 6 of the justifications, which relate to the receipts by sources and distribution of receipts to States and counties and a table similar to the one last year showing receipts to the Treasury.

(The material referred to follows:)

RECEIPTS BY SOURCES

The following table shows actual receipts of the Bureau of Land Management for the fiscal years 1951, 1952, and 1953, and the estimated receipts for 1954 and 1955.

	1951	1952	1953	1954	1955
Sales, public lands and materials	$518,979	$690,491	$1,024,829	$1,125,000	$1,125,000
Fees and commissions	374,112	828,184	438,819	450,000	500,000
Mineral leasing	38,453,007	51,065,536	49,176,703	54,500,000	56,000,000
Grazing section 3	1,381,975	1,657,767	1,764,021	1,800,000	1,800,000
Grazing section 15	301,417	321,744	327,605	400,000	400,000
Sales, Indian lands	9,302	1,675	2,182	2,000	2,000
Right-of-way leases	59,387	58,440	75,214	75,000	75,000
O. and C. and Coos Bay timber sales	6,717,445	8,439,858	12,990,849	14,000,000	15,000,000
Other timber sales	1,060,554	1,123,951	831,217	1,500,000	2,000,000
Miscellaneous receipts	206,153	330,750	214,323	200,000	200,000
Total	49,082,331	64,518,396	66,845,762	74,052,000	77,102,000

Distribution of receipts to States and counties, fiscal year 1953 (by States)

State or Territory	Sales of public lands and timber	Mineral leases and permits	Taylor grazing leases	Taylor grazing districts	Total
Alabama	$1,810.23	$683.24			$2,493.47
Alaska		118,917.73			118,917.73
Arkansas	982.98	2,350.04	$30.90		3,363.92
Arizona	1,685.07	36,880.97	18,573.36	$8,572.37	65,711.77
California	15,231.87	3,193,539.39	33,277.11	4,386.86	3,246,435.23
Colorado	7,179.30	2,581,064.45	9,732.35	11,418.35	2,609,394.45
Florida	1,215.14	56.25			1,271.39
Idaho	5,447.66	57,225.80	6,851.11	18,832.10	88,356.67
Iowa	12.00				12.00
Kansas	24.09	30,127.71	12.35		30,164.15
Louisiana	853.08	32,654.80	24.43		33,532.31
Michigan	14.20	6,914.25			6,928.45
Minnesota	177.08		4.27		181.35
Mississippi	72.09	2,736.33			2,808.42
Montana	3,268.08	1,027,700.90	16,129.86	12,917.88	1,060,016.72
Nebraska	408.85	4,705.50	173.41		5,287.76
Nevada	552.17	140,977.35	2,805.85	37,072.82	181,408.19
New Mexico	3,674.75	3,087,012.57	4,847.73	24,083.59	3,119,618.64
North Dakota	88.59	63,661.98	1,220.62		64,971.19
Oklahoma	247.72	29,031.65	110.45		29,389.82
Oregon	10,878.73	7,395.75	5,976.13	14,287.44	[1] 6,485,564.68
South Dakota	558.65	84,456.78	4,518.70		89,534.13
Utah	3,331.36	1,017,044.73		28,941.72	1,049,317.81
Washington	6,425.91	4,292.03	5,770.40		16,488.34
Wisconsin	88.24				88.24
Wyoming	2,427.63	5,726,096.71	51,896.57	23,696.77	5,804,117.68
Total	66,655.47	17,255,526.91	161,955.60	184,209.90	24,115,374.51

[1] Includes $6,447,026.63 on account of "O. and C." and Coos Bay lands.

Bureau of Land Management, analysis and distribution of receipts, fiscal year 1955

Sources of receipts	Total receipts	Distribution					
		Payments to States and counties	Deposits for range improvement	Deposited in Treasury			
				Total	With other agencies	Reclamation fund	General fund
Mineral Leasing Act	$47,000,000	$17,625,000		$29,375,000		$24,675,000	$4,700,000
Other mineral acts	9,000,000	13,500		8,986,500	$1,700,000	17,000	7,269,500
Sale of public lands and materials	1,125,000	42,000		1,083,000		599,175	483,825
Fees and commissions	500,000			500,000			500,000
Sales, Indian lands	2,000			2,000	2,000		
Right-of-way leases	75,000			75,000		500	74,500
Miscellaneous receipts	200,000	[1] 7,000		193,000	3,000	12,000	178,000
Grazing (grazing districts)	1,800,000	187,500	$300,000	1,312,500	1,500	9,000	1,302,000
Grazing (outside grazing districts)	400,000	200,000	100,000	100,000	4,000		96,000
O. and C. and Coos Bay timber sales	15,000,000	7,280,000		7,720,000			7,720,000
Other timber sales	2,000,000	70,500		1,929,500		1,910,200	19,300
Total 1955	77,102,000	25,425,500	400,000	51,276,500	1,710,500	27,222,875	22,343,125

[1] Includes $6,000 for leasing of grazing lands.

OREGON AND CALIFORNIA LANDS ROAD PROGRAM

Mr. BUDGE. How long do you feel that this roadbuilding program will be necessary in the O. and C. lands?

Mr. HORNING. Well, with the appropriated funds it should certainly taper off within 6 or 8 years, I would judge.

The O. and C. lands are intermingled in part with the national forest lands, and they, too, build temporary access roads, and from

time to time the two agencies get together and, depending upon the success that each may have had in inducing timber buyers to build these roads, they make annual adjustments in the road program that will be built through the appropriated funds.

Mr. BUDGE. You have an item in here of $35,000 for maintenance of these O. and C. roads. Is it the policy of the Bureau of Land Management to maintain these roads after they are constructed?

Mr. HORNING. Well, generally not if there are timber sales purchasers to maintain the road. If there had been timber sale contracts in operation on that road, we would have been able to meet it through timber sales.

Mr. BUDGE. Is there any point in building a road before you have a sale for the timber and is there any point in repairing the road before you have a sale?

Mr. HORNING. This particular road is needed for protection purposes immediately, rather than for transportation of timber. The road had been built in this particular instance by a timber purchaser originally, but it is necessary to replace that road to make it available for other purposes.

NEED FOR INCREASE IN CADASTRAL SURVEYS

Mr. BUDGE. Mr. Woozley, would you inform the committee as to the new requirements for the cadastral surveys which have been substantially increased in your budget?

Mr. WOOZLEY. Well, as I stated in the digest, or in the earlier statement, we have been spending usually about $1 million, I believe. I do not seem to have that figure here with me, but the adjusted appropriation for this year is $1,063,000; about 70 percent of that has been necessary for resurveys in order to determine boundaries for forest sales, and for mineral leases.

Now, there are some of these States—particularly a group of States in the Southwest—apparently have valuable minerals on their school sections, or what they anticipate will be their school sections. We are leasing those and the lease reads that it will be in effect as long as oil and gas are being produced there. They usually run 5 to 10 years, or as long as oil and gas is being produced.

If we make a lease and the lease is in effect when they are surveyed, under the present law the State will have to wait until the resources have been completely taken out before they would be able to come into possession. Therefore, they are quite anxious that these surveys be made so they can tell where their sections are.

We have developed a form of abbreviated survey, so that we can survey the exterior boundaries of a township and put in the sections that the State would be interested in for the time being, for less than one-half what the usual survey would cost.

We think with that $500,000 earmarked for new surveys to determine the sections that belong to the States, and about $100,000 for new surveys in Alaska to assist in small tract development for home sites and for industrial sites and for commercial sites, that we would be able to facilitate the development of these resources, and to assist the States in determining and acquiring the sections which were granted to them under their admission status.

Mr. BUDGE. Which States are directly involved in the new program?

Mr. WOOZLEY. Well, there are several, but the ones chiefly involved are Utah, Arizona, California, and to some degree other States in that general area. I think the only one not affected to any great extent is Nevada, which has but very little land coming when the survey is made.

Mr. BUDGE. Do you feel that this is a responsibility of the Federal Government to complete these surveys?

Mr. WOOZLEY. Yes; I do. They have done it for other States, and I think they should complete them within the most reasonable time possible to give these States the same treatment.

Mr. BUDGE. What is the purpose of cadastral surveys in Alaska, for which you request an additional $100,000 this year?

Mr. WOOZLEY. We have with us the Chief of our Cadastral Engineering Division, who is familiar with Alaska, and with the surveys, and with your permission I would like to have Mr. Harrington give us some information there that might be helpful.

SURVEYS IN SOUTHWESTERN STATES

Mr. BUDGE. We would be happy to hear from Mr. Harrington.

Mr. Harrington, before you start on that, would you tell the committee how many townships in the Southwestern States you feel you can sufficiently survey with this $500,000 which is requested?

Mr. HARRINGTON. We can survey about 50 townships in Utah, 25 in Arizona, and 45 in California. That is the way we have planned it.

It so happens that Utah and Arizona are entitled to 4 sections, sections 2, 16, 32, and 36; California will have only 2 sections, sections 16 and 36, and those are the States primarily involved in the survey of school sections.

We feel, as I say, that we well survey with $500,000 including the purchase of some equipment and covering other costs, about 115 townships which would cover an overall area of about 2.7 million acres. There would not be a complete survey of 2.7 million acres, but that would involve actual survey of 390 school sections in the 3 States.

SURVEYS IN ALASKA

Mr. BUDGE. Will you tell us the benefits of the expenditures in Alaska?

Mr. HARRINGTON. In Alaska in past years, I would say that practically every cent that has been allocated to Alaska has been spent for settlement purposes, and for the development of natural resources. There has been a lot of small-tract surveys. A lot of them have been around the city of Anchorage where people go up there working for the War Department, and have no place to live. We have to make these small-tract surveys for them.

That is also true up around Fairbanks. Also, along the highways the people want small tracts to put in restaurants and stopping places and we have to go in and make the small-tract surveys.

PARK SERVICE LAND WITHDRAWALS IN ALASKA

Mr. BUDGE. Is it not a fact that the National Park Service has made broad withdrawals of lands along the highway?

Mr. HARRINGTON. Well, along the Alaskan Highway, there are 300 feet on either side, for a total of 600 feet, and on the other main highways it is only a 300-foot right-of-way. I understand it is not a withdrawal to lease for public utilities or anything like that.

Mr. BUDGE. I was just wondering if the most desirable land, so far as getting permanent residents or permanent business establishments in Alaska, would not be that which was immediately adjacent to the highway, and if that has been withdrawn, I am wondering how your surveys along the highway would assist in getting permanent construction underway?

Mr. HARRINGTON. They are building back off the highway. On the highway, for example, going from Anchorage and cutting off up toward Fairbanks, there are a lot of buildings in that area, and they want small sites. They are off the right-of-way; they are not building on the 300-foot right-of-way or the 600-foot right-of-way.

Mr. BUDGE. Who builds the road, then, from the highway to wherever the buildings are placed?

Mr. HARRINGTON. I imagine that the person who makes the improvement would have to have the side road running into his place. I cannot answer that definitely, but, I think, that is right.

Mr. BUDGE. Do you intend doing any surveys with these funds along the highways in Alaska?

Mr. HARRINGTON. Yes, sir; and around Sitka, where they are opening up pulp mills, they need small tracts for homesites. We will have to go down and make surveys there.

Along the highways, as far as practicable, we are attempting to put a rectangular belt survey along the highway. We are not making surveys 6 miles from the highway, or anything like that, but we are putting in our rectangular surveys, and extending back from the highway a mile or so. That is as far as anyone wants to get off the highway.

Mr. BUDGE. That is probably farther than they want to get off the highway.

Mr. HARRINGTON. It is surprising, but they have gone off farther than that to take up a homestead lease.

Mr. BUDGE. I am glad Secretary Lewis is here this afternoon, because I have felt that the Park Service withdrawal along all the main highways in Alaska could very easily deter people from settling in Alaska.

Mr. LEWIS. I agree with you.

Mr. BUDGE. Since the Secretary also has the National Park Service in his domain, I hoped he would investigate that a little.

Mr. LEWIS. I have, and we have started taking some action on it. A part of these proposed surveys have had something to do with it. There has been so much land in the withdrawals that, without getting into the question of whether or not it is proper that all of the lands be withdrawn on both sides of the highway, we have told the Park Service, and the Park Service has agreed with us, that our theory is right. That is that suitable locations near towns and along the highways should not be covered so that there cannot be spots for business locations, or homes, or motels, or whatever seems suitable.

Mr. BUDGE. I understand.

Mr. LEWIS. Those areas which seem to be suitable for the development of that particular area. In those instances, we feel that the

withdrawal can be done away with in the hope that the development along the highway can be made as satisfactory as possible.

There is not much use in doing that unless we survey the areas so that the people can actually get in there. My understanding of the matter is that the reason that the work has not been going on is because we have not had the money to do the surveys, but the Park Service is determining the areas in which the withdrawals can be canceled.

I think it has, to a considerable extent, already done that. I do not know whether it has acted on any cancellations or withdrawals as yet.

Mr. WOOZLEY. No, sir; we have studied legislation which would give us some land laws with which to dispose of these lands.

Mr. LEWIS. But in any event, we are very conscious of the situation. I was quite upset when I found out about it, I will say that frankly. We went into that long report which had been prepared by the National Park Service on the subject of these withdrawals and the development along the highways, and out of that came this plan so that the lands would be made available, and we hope we can move along fast enough so they will not be made available in words, but made available in a sense that there is a—that an entry can be made, and a survey made, which will make it possible for the entry to be consummated.

Mr. BUDGE. I am very happy to hear that the Department is cognizant of the situation, and certainly we do not want the whole Territory of Alaska to be and remain a national park. We need to get the land surveyed, and we need to be able to give title to people if they are going to settle there.

Mr. LEWIS. That is right.

Mr. HARRINGTON. Could I make one comment on that?

Along the feeder roads, and local roads, there are no withdrawals. Those are just easements, like we would have in the States, and we extend our surveys across those roads. We do not segregate any withdrawals along those roads.

LAND LEASING ACTIVITIES

Mr. BUDGE. Mr. Woozley, you have requested a number of new positions and a substantial increase in appropriation for use in the land leasing program.

What is the reason for that?

Mr. WOOZLEY. I think maybe Mr. Falck can answer that question, and with your permission I would like for him to give you the figures on that.

Mr. BUDGE. Would you identify yourself for the record, please?

Mr. FALCK. I am Depue Falck, Chief of the Division of Administration.

I think what you refer to is the picture which we have tried to put in the justifications to show the accumulation of backlog which we have interpreted as meaning primarily a need for more employees.

Mr. BUDGE. Is that the tabulation which begins on page 11 of your justification?

Mr. FALCK. This tabulation which I was going to explain here is on page 16 of the justification, in which we have tried to indicate the expanse of the fieldwork in the Lands Division. This work, as you

know, is divided generally into two parts: the work which is done in the local land office in regard to the adjudication of claims, and the second part is the fieldwork which involves investigations in the field to determine the suitability of the land in regard to the action requested.

BACKLOG OF CASES

If you will notice on page 17, on the 1st of July 1953, about 25,000 cases were pending in our land offices. That was in spite of the fact that we had made a considerable improvement in the number of cases that were handled per individual.

We have a table here which I would be glad to place in the record, if you desire. It shows that we have gradually increased our production in the last 3 or 4 years from about 271 cases to about 347 cases.

In spite of that fact, our backlog is about the same as it has been for some time past. In fact, it is increasing a little. In fact, at December 31, we had a little greater backlog then than as of July 1.

Mr. BUDGE. Will you identify the document which you just referred to, and we will place it in the record at this point.

Mr. FALCK. I will be glad to do that.

Mr. BUDGE. This is an analysis on adjudication of land and mineral applications, and without objection, I shall place it in the record at this point.

(The matter referred to is as follows:)

Analysis of adjudication of land and mineral applications

Year	Number cases closed	Number employees	Average cases closed per employee	Cases on hand end of year
1951	54,252	200	271	29,756
1952	60,249	211	285	37,774
1953	64,272	212	303	41,089
1954 (estimate)	74,589	214	347	42,100
1955 (estimate)	90,700	252	360	32,400

NOTE.—This analysis includes both land and mineral cases since they are processed in the same offices by the same employees and the workload is not separable.

Mr. FALCK. In spite of this increase per employee in production of the number of cases, the total backlog is still going up and on December 31 it was slightly more than it was on the 1st of July.

The reason is that in the first 6 months of this fiscal year the number of new cases was up 26 percent. The only way you could solve this problem is to employ some additional people, and we have asked in this budget for 11 adjudicators. Those are people who examine these applications in our local land offices, and render the decisions.

In addition, we have asked for seven clerks to help them do the clerical work. If we had them, we would reduce this backlog by the end of 1955, to a figure somewhat near to what might be determined a normal workload.

Mr. BUDGE. I am sure that the people in the West who are desirous of obtaining public lands for one purpose or another would very much appreciate your getting on top of the backlog.

Mr. FALCK. As Mr. Woozley explained, one of our greatest difficulties is the fact that when you are behind, you must take time of your employees to answer letters and inquiries.

It seems like when you are behind you just never catch up.

We feel that one of the most important things in this Bureau is to try to keep action current, because we are not only creating an unfavorable situation, but we are doing a lot of people a disservice in the West, and it is costing the Government money, because these cases are revenue-producing.

That is one of the basic reasons, Mr. Chairman, that we have adjusted this budget to put an increase in this activity, because we felt it would not only provide the service, but we feel these people are entitled to have this service.

Mr. BUDGE. In that connection, if there is no objection, we will place in the record at this point the tabulations on pages 11, 14, and 18 of the justifications.

(The matter referred to is as follows:)

Adjudication of public land cases

Fiscal year	New and reactivated cases	Cases closed	On hand at end of year
1951:			
Minerals	28,820	36,026	13,378
Lands	16,933	19,875	17,301
Total	45,753	55,091	30,679
1952:			
Minerals	47,709	42,787	18,300
Lands	19,555	17,382	19,474
Total	67,264	60,169	37,774
1953:			
Minerals	40,970	43,194	16,076
Lands	26,617	21,078	25,013
Total	67,587	64,272	41,089
1954: [1]			
Minerals	47,600	48,576	15,100
Lands	28,000	26,013	27,000
Total	75,600	74,589	42,100
1955: [1]			
Minerals	51,000	54,700	11,400
Lands	30,000	36,000	21,000
Total	81,000	90,700	32,400

[1] Estimated.

Mineral field examinations

Fiscal year	On hand July 1	New cases	Cases closed	Balance June 30
1951	5,020	1,447	1,058	5,409
1952	5,409	411	1,279	4,541
1953	4,541	7,328	1,308	10,561
1954 [1]	10,561	5,000	2,361	13,200
1955 [1]	13,200	5,000	4,500	13,700

[1] Estimated.

Examination and classification of land cases

Fiscal year	On hand July 1	New and reactivated	Total cases	Cases closed	On hand June 30
1951	6,039	8,165	14,204	6,815	7,389
1952	7,389	8,361	15,750	6,367	9,383
1953	9,383	12,520	21,903	9,158	12,745
1954 [1]	12,700	16,000	28,700	15,000	13,700
1955 [1]	13,700	15,000	28,700	20,000	8,700

[1] Estimated.

Mr. WOOZLEY. Mr. Budge, if I might add to what Mr. Falck has already said, he has given you a very good picture of the lands problem, and I would like to point out that in regard to minerals particularly we have a little different situation.

If our minerals backlog—and by that, we mean applications to lease—in most instances—piles up, we are unable to service them and they have all the protection of a lease and pay none of the cost until we are able to service that lease.

That particularly is true on acquired land where we have to search the records to see if the lands actually carry mineral titles. So, it is important from an earning standpoint that those cases be current because the people are getting all the protection, and not paying any of the cost, until we are able to process the application.

STUDY OF FEES

Mr. BUDGE. That leads us, very logically, into another subject:

How many years has it been since the Department of the Interior increased the fees for mineral leases and other uses of the public domain?

Mr. WOOZLEY. I believe some of the other representatives here can better answer that than myself.

Mr. FALCK. I do not know if I can give you the exact year, but it has been a long time, Mr. Chairman.

In fact, I have been in this Bureau for some years, and I do not know of any increase in the past 8 years, at least.

We are engaged at the moment in analyzing every one of the charges that we make not only at this time, but a great many services which we may render for which we feel we might make a service charge.

In order to do that, the first step was to prepare legislation for Congress which would give the Secretary of the Interior the authority to set some of these fees.

In other words, your filing fees on your homestead, and a great many things like that, and charges for furnishing certified copies or furnishing testimony is set by statute, and they were set by statute many years ago.

No doubt, they are greatly out of date with prices today.

The first thing we want to do is to see if the Congress is willing to give the Secretary that authority, and then we can prepare a schedule of rates which is more appropriate at this time.

In addition to that, there are other things in which the Secretary still has the authority that we are looking at carefully. In fact, we expect a report in the next month which might recommend some

changes in the rates charged for certain services, and make other suggestions that we charge for some services for which we make no charge for at this time.

Mr. BUDGE. Certainly those fees, both the leasing fees and the service fees to which you have alluded, should bear some reasonable relationship to the expense of the United States Government in performing these services for the convenience of individuals.

Mr. FALCK. Exactly.

In some of our activities we do things so. In furnishing copies of material, we are able to obtain full cost of the handling and the furnishing of this copy work.

Mr. LEWIS. If I can interject myself at this point, this is being done with every bureau. Every bureau has been requested to make a study of its present fee system.

That applies to any place where these might properly be charged for services to individuals rather than to the public as a group, and we are expected to come up with our suggestions to the end that they be in line with the cost to the Government for their services.

We have some reports ready, but the report from the Bureau of Land Management is not quite complete. In many instances, it requires legislation, but there are quite a few instances where it does not.

Mr. BUDGE. I am, again, happy to know that the Department is cognizant of the problem. Certainly, if we can increase the revenue to the Federal Government, the Federal Government can, by like token, be more liberal in its stewardship of Federal property.

PROGRAM FOR O. AND C. ACCESS ROADS

Mr. BUDGE. Mr. Woozley, of the $3 million for construction of the O. and C. access roads, how do you program that money?

Mr. WOOZLEY. The program is set up by district offices, emphasizing those which are the most important and looking principally to the areas that need the road phase, either for fire protection or to protect the other forests.

I think maybe if you want detailed information I shall again call on Mr. Horning, with your permission, to give you the details on the program.

Mr. BUDGE. My particular question is this: On page 40 of the committee print, as I understand the breakdown, there is only $1 million to be expended out of current authorizations, and the other $2 million would, apparently, be deferred until some later date.

What is the true picture on that situation?

Mr. HORNING. This past season, when we were all bumping up against the limit on the national debt, it became quite an important matter. Various measures were taken to slow up spending. So, there was some delay in the awarding of certain of these timber access road contracts for that purpose. I think that accounts for the point you call attention to.

Mr. BUDGE. Do you intend to obligate the entire $3 million in fiscal 1955?

Mr. HORNING. Yes; that is the present intention.

Mr. BUDGE. In that connection, without objection, I would like to insert in the record at this point the tabulation contained on page 27 of the justifications.

(The matter referred to follows:)

Sales O. and C. lands

Fiscal year	Volume, salvage offered, million board-feet	Volume, green offered, million board-feet	Total, volume offered, million board-feet	Total, volume sold, million board-feet	Receipts
1951		416.2	416.2	415.8	$6,715,947
1952		499.7	499.7	419.3	8,519,461
1953	323.5	313.2	637.7	550.5	12,960,848
1954 (estimate)	380.0	300.0	680.0	640.0	14,000,000
1955 (estimate)	400.0	300.0	700.0	650.0	15,000,000

OUTER CONTINENTAL SHELF

Mr. BUDGE. Mr. Woozley, there is a new item in your budget which relates to the outer Continental Shelf.

Why is the Bureau of Land Management involved in dealing with the outer Continental Shelf?

Mr. WOOZLEY. The operation will be carried forward much the same as the leasing of lands on the continent for mineral exploration and development.

Mr. BUDGE. Where do you get the authority or the directive to enter into work on the outer Continental Shelf?

Mr. WOOZLEY. In the law itself the responsibility was placed in the Department of the Interior, and the Secretary of the Department of the Interior has delegated certain authorities to the two agencies involved—one is the Geological Survey and the other is the Bureau of Land Management—to determine the location and the description of these lands. It has been necessary that our cadastral engineers acquaint themselves and take an active part in setting up the grids to determine the actual location of the wells.

Under our delegated authority we should work out the leases which are now in existence on the areas given to the States, some of which may be also Federal lands.

We will handle the actual leasing phase of it, describing the lands, accepting the lease money, carrying on the extensions, and other things, that may be necessary.

We are doing that under the delegated authority from the Secretary of the Interior.

TRAVEL ALLOWANCES

Mr. BUDGE. Another item in your budget relates to travel, which has substantially increased. What is your explanation as to that increase?

The exact amount is $171,328.

Mr. FALCK. The biggest part of that, Mr. Chairman, is to take care of the per diem cost of the survey parties. When they are in the field, we allow them a per diem in lieu of subsistence. The

biggest part of the travel is per diem allowances. Most of it goes to field men who are out in the country, and who work away from home.

Mr. BUDGE. That figure amounts to over $500 per employee, the way I figure it, which seems a very high travel allowance.

Mr. FALCK. On some of our employees it will cost us more than $1,000 a year if they are going to travel most of the year, and a great many of them will.

Mr. BUDGE. Yes, but most of your employees do no traveling at Government expense. I was averaging it out for the entire Bureau, and I think it amounts to something over $565 for every employee.

Mr. FALCK. When I made the statement about $1,000, I would say that there are some that cost considerably more than $1,000. In Alaska a considerable part of this work is to be done on a per diem allowance of $11 a day, which will amount to about $2,000 for the average field season.

Even if you have a man up there for 4 months, there are 120 days at $11 a day, it is over $1,300.

Mr. BUDGE. I think it would be a good idea for you to place in the record at this point a further statement relative to this travel, not only under the present budget, but under the proposed1955 budget. It seems to be unusually high, and without objection I am going to ask the director to place that information into the record.

Mr. WOOZLEY. All right, sir; we shall be glad to do that.

Mr. BUDGE. In that statement, I would like to have you include the number of survey parties, the average time of their employment in a travel status, and the number of people involved in the parties.

(The information is as follows:)

ANALYSIS OF TRAVEL ESTIMATE

Funds estimated for travel are used in the Bureau of Land Management primarily for the maintenance of personnel in field operations and not in the generally accepted meaning of the term.

The work of the Bureau can be accomplished most effectively by keeping its staff in the field the greater portion of the time, since it is on the land that work must be done. Practically all temporary employees are recruited solely for field work and while in this status receive the regular per diem allowance. In Alaska, employees while in the field receive $11 per day, and in the United States they receive up to $9 per day with the average about $6 to $7. The program for fiscal year 1955 is planned as follows:

The amount intended for cadastral surveys represents roughly 40 percent of the entire amount shown for travel. Depending on weather conditions, it is planned to have 10 survey parties in Alaska and 40 parties in the United States for an average period of about 6 months. A survey party ordinarily consists of an engineer and five survey aids.

The second largest amount is for the range management and soil conservation group whose work is confined to the United States. Approximately 22 percent of the funds indicated for travel has been planned for this group, which consists of 242 permanent employees plus temporary seasonal help. It is planned they will spend about 5 months, exclusive of weekends, (100 working days) in the field. Both the range and forest employees usually work close enough to their homes that they can return for weekends, thus saving per diem.

The third largest amount is for 104 land and mineral examiners. It is planned that they will spend about 6 months in the field in order to reduce the backlog of cases. Their work of properly classifying lands for their highest use and determining the validity of mining claims and conflicts can be performed only in the field. Approximately 16 percent of the funds has been planned for this work.

About 14 percent has been planned for the use of the foresters in their inventorying and cruising of timber, supervision of sales, and reforestation. This group

consists of 202 permanent employees plus seasonal help, and it is planned they will spend about 4 months (exclusive of weekends) in the field. Again, this is work that can be performed only in the field.

About 6 percent is planned for travel by general administrative personnel, including our internal audit staff. This group of men spends approximately 8 months of the year in the field checking collections and expenditures to insure that proper return is made to the Treasury. With an ever-increasing volume of receipts, this phase is most important.

The balance of 2 percent represents per diem and travel costs incurred in connection with fire fighting. There are no permanent employees charged to this activity.

The distribution by function and fiscal year follows:

Distribution of travel funds

	Fiscal year 1954	Fiscal year 1955
Cadastral surveys	$196,317	$355,000
Range and conservation group	201,628	199,500
Mineral and land examiners	104,080	144,734
Forestry	119,103	125,700
General administration	59,626	59,500
Fire fighting	10,000	10,000
Weed control	34,005	
Total	724,759	894,434

PUBLIC LANDS RECORDS

Mr. BUDGE. Last year the committee heard testimony relative to the condition of public land records.

There is no money in this budget which I have found for work on the preservation of the records.

Do you care to comment on that, Mr. Woozley?

Mr. WOOZLEY. We feel it is very important that these records be preserved, and certainly they are in need of attention.

However, we have tried in this budget to put what we consider the most important items first.

Mr. FALCK. I think it is a matter of this nature, Mr. Chairman: In trying to determine what items we would put in this budget, it was a case of deciding what we were going to need on these various projects.

Mr. BUDGE. I think the committee will feel that you should be commended on that.

Mr. FALCK. On this matter of records, we realize that we have a pretty serious problem. There are, nevertheless, a few things to do yet to determine just exactly what might be the best method to tackle this problem, and for that reason as much as anything else, we have decided to let it go; and by another year we may come up with something more practical.

Mr. LEWIS. Before we leave this particular subject, I would like to comment on it.

I think I have been more conscious of this problem more than the Bureau itself, and I think Mr. Woozley has also, but my consciousness has come about probably because I am a lawyer from a community small enough where we actually go into the title plants, and are somewhat familiar with how private industries conduct their affairs mechanically.

It seemed a most frightening thing in the world to me when I came over here and found out that here was probably the world's largest

title plant, and if it were destroyed, there would not be any title plant, except as you might be able to salvage, and reassemble information from all of the district land offices.

Mr. BUDGE. These records are the basic title records for the entire country.

Mr. LEWIS. For the entire United States, you might say, sir.

They go back considerably farther than any title plant that you might go into around the country, particularly in the western part of the United States, with which this Department is principally interested, their records go back only in such places to the patent, while ours, to illustrate, go back to the beginning.

I have been most anxious that we should not only duplicate all of the existing records, but bring in people who really understand the mechanics of this type of thing, which is something that no one in the Bureau could be expected to understand. It is a specialized field, and out of that, to work out a proper system for tract books. The tract books no longer serve the purpose they originally did.

As I understand it, there are very few lines per township in the tract books. How many lines are there to a township?

Mr. WOOZLEY. I think they are limited to quarter sections.

Mr. LEWIS. I think you can imagine the problem which has developed over the years in regard to leases, the canceling out of leases, the transfers that failed, the applications and everything else which have been handled, and I have been told that it takes a cryptographer of rather outstanding ability to be able to read a great many of them.

So, a new approach should be taken there. Undoubtedly they all ought to be microfilmed. I think the microfilming could be done at some remote place so they would be available if anything should happen. Then, they should be revised, not in the sense of going back to the original dates, but starting from a certain date and going on. Some consideration might be given to the more modern methods of keeping title records, where you do not have any tract books. I do not know whether that is wise or not, but thought should be given to it, there.

We do have to work on that, but to put anything in the budget in such a year as this where there is a great effort at economy on foot, and properly so, without having some more definite plans than we are able to present you at this time, might be a little meaningless and might not be the best opportunity to get the job done.

I should say that the microfilming probably will be something that will have to be done. However, as I have stated before, that is the general attitude.

Mr. BUDGE. It is the responsibility of the Department to take whatever calculated risk it feels it must take with respect to the preservation of those records.

Certainly, the Congress of the United States would not want the basic land records of the country to be destroyed, or get into such a condition that they could not serve their purpose. But that is something which you gentlemen are responsible for. I am sure the Congress would be happy to hear your recommendations at such time as you are ready to make them.

Mr. WOOZLEY. I think we will continue the study, Congressman.

There is another item which has not been mentioned specifically which indicates what we are up against.

As I said, the books are made for quarter sections—160 acres—and now we are working on a small-tract program in some instances where you issue titles for 5 acres. Of course, the books are completely inadequate. So, it has taken some study and thought, and we expect to put some people on it to get something developed, but, as has been said, we wanted to put first things first, and the backlog seemed to be the first thing.

If we can get that out of the way, we can use some of the money on that for other work.

WEED CONTROL

Mr. BUDGE. With regard to this halogeton program which has been extensively and broadly publicized, do you feel that there are funds in this request to permit you to continue research of any kind?

Mr. FALCK. Just a few thousand dollars, sir, here and there, which we could use from grazing funds, or from improvement funds. The cost of that would be relatively small, as we anticipate it.

Mr. BUDGE. The Federal Government has expended quite a little money on its lands in an attempt to control this problem, and I am sure that it dislikes to lose that investment. Is there some way of keeping it in a standby condition while further research is being conducted?

I see no funds in here that would be allocable to research and the control of poisonous weeds.

Mr. FALCK. Our general grazing appropriation will permit the expenditure of money for that purpose. It is pretty broad in its application.

Mr. BUDGE. It will then be left to the discretion of the Department as to whether that is done?

Mr. FALCK. We had hoped we could squeeze out a few dollars here and there.

Mr. BUDGE. Do any of you feel that additional funds are indicated for the continuation of research on this problem?

Mr. FALCK. There is nothing specific in the budget for that purpose.

Mr. BUDGE. I understand that, but I am trying to find out if, in the minds of the men who have the program to administer, they feel that the funds should be appropriated.

After all, Congress is not bound by the budget.

Mr. WOOZLEY. If it would not detract from the rest of the budget, I am sure there would have been consideration given to it. We think we are attempting to put it in its relative importance in connection with the budget. We feel that the program of halogeton is highly important. We are building ranges in areas where we can control the halogeton problem.

On the other hand, halogeton exists in many areas where it is very difficult to reseed, and we just need more information so that we will expend properly the funds that we may receive.

However, we do not think that the entire program ought to be dropped. We feel that it ought to be deferred until we can review the program. We need more research and analysis in cooperation with the counties and States.

I think maybe Mr. Pierson might have something on that. He is in charge of the soil and moisture program, and has directed it.

Mr. PIERSON. I would like to say, Mr. Budge, possibly we have tightened up a little too much. We have quite an investment, and we cannot afford to lose the benefits which we have gained.

As I understand it, there certainly should be discovered improved methods of attacking this job, and we would like to continue with something of this kind.

Mr. BUDGE. In this fiscal year the Bureau is spending $1.3 million on the program.

Mr. PIERSON. That is mainly in operation and actual reseeding and not in the actual work of research, sir.

Mr. LEWIS. May I comment at this point?

Mr. BUDGE. Certainly.

Mr. LEWIS. I, of course, am certainly no expert on weed control, or with research on it. But when I first came into this office and started having it pass across my desk—that is a rather substantial expenditure for reseeding of lands, and the handling of this halogeton program—I began inquiring about it. I had many discussions with Mr. Woozley about it, and also with the men more directly connected with it.

By the time we came around to start studying the budget, and making our presentation, I had become quite disillusioned with the program insofar as people having any real knowledge of where they were going. I got the impression that we were doing a great deal more in the way of reseeding the ranges than we were in controlling halogeton, and as I inquired, I did come to the conclusion that those people deeply interested in it believed that the research end of it had been neglected in the hurry to try to do a job that on the surface looked like a really useful job.

I do not mean that the money spent was wasted. Of course reseeding the range is a good thing, but we do have a lot of range to reseed, and we would be going into quite a program.

Of that, when we got down to working on the budget—and I think you are all conscious of the problems as you are working on a budget ceiling, with the view of trying to find a place to be able to do this, and to be able to do that, we had to determine what we would put underceiling and overceiling, and I do not feel that we have done the wrong thing insofar as the Bureau of the Budget is concerned, in putting this in an overceiling item.

There may be an error with respect to not having specified funds available for the research, because the research certainly should continue. I think there is no doubt about that.

I was under the impression, however, that there would be sufficient funds from these other sources that research in proper volume could be conducted during the coming year. I do also understand that when it comes to research, there is also such a thing as a maximum that can be made available to people who are scientists in the field, which they can put to proper use.

Mr. FALCK. The research part of that program is only a few thousand dollars. That work is done largely by State colleges with a little help from us.

Mr. BUDGE. I am familiar with that. I wanted to get the opinion of you gentlemen who are directly concerned with the carrying on of the program particularly as to the research phase of it, and I am happy to be assured you have taken that into consideration and that you feel that funds are available for that purpose.

SOIL AND MOISTURE CONSERVATION

Mr. Woozley, the "Soil and moisture conservation" item is $1,718,472, which is identical to the amount under which you are operating during this fiscal year. Do you have any comment as to an increase or decrease in that appropriation?

Mr. WOOZLEY. There again, Mr. Congressman, we feel that an increase could certainly be used, but if there were an increase it would curtail other activities. We felt we could continue to do a creditable job on the amount applied for and given last year.

PELLET RESEEDING

Mr. BUDGE. Have you explored the possibility of reseeding the public domain by pellets? I know it was previously tried from an airplane and it was not successful, but have you tried it with some kind of land equipment?

Mr. WOOZLEY. That is a technical question. May I ask Mr. Pierson to comment on that.

Mr. BUDGE. I have heard of an operation which, by machinery, clears the land and at the same time deposits seed pellets in the ground the same way many agricultural products are planted.

Mr. PIERSON. We have not tried any equipment of that type on public lands as yet. In connection with rather extensive forestry seedings in 1948 and 1949 we made ground trials to compare ground application with aerial seeding, and the results were just about the same unless we underwent some land preparation, removed what vegetation might have been on the land and in other words prepared a seed bed.

Mr. BUDGE. The land would have to be prepared manually or by burning or some method along that line?

Mr. PIERSON. By fire or chemicals.

Mr. BUDGE. At the present time the Bureau is not in a position to go into any such program as we have just discussed?

Mr. PIERSON. Not as an operating program. The results we have been getting with naked seed have been quite good.

WEED CONTROL

Mr. BUDGE. With reference to the halogeten and poisonous weed control program, have you conducted any research in the Bureau in that connection?

Mr. PIERSON. While we have research authority for halogeten control, we have looked to existing research agencies to do the actual work. We have cooperated with them in furnishing land and materials to facilitate their work. This is one case where we have been able to get a cooperative program. The Department of Agriculture does the basic work, the colleges do the applied research, and we have been able to get the University of Idaho and the University of Utah to do the evaluation for us of the methods we have been using and to take care of those portions of the whole program which the Department of Agriculture does not feel they are equipped or qualified to do.

RESEEDING

Mr. BUDGE. I hope the Bureau will explore the new system of reseeding, which I have reason to believe has already been proven to be practical. I do not know if it can be applied to an operation as large as yours or not.

Mr. PIERSON. We are certainly open-minded and looking at all times for improved methods and cheaper methods of getting this job done.

Mr. LEWIS. Might I add to the comments on this seeding, in which the discussion went to the use of pelletized seed, I am not talking of that type of seed, but recently Mr. Woozley and I were in Spokane and Seattle and we met with some men there who wanted to discuss the possibility of seeding a range. They were convinced that the old-fashioned method of seeding on snow might produce grasses, and while they would be limited because of the type of seeding—they were thinking of airplane seeding without special equipment—at the same time it would make use of seed that is available and that is being held by an agency of the Department of Agriculture.

Mr. BUDGE. The Commodity Credit Corporation has millions of pounds of seed.

Mr. LEWIS. Part of this seed is obviously not suitable. We eliminated that from our discussion. Part of it has a value that makes it unavailable for this use. But there is a vast amount of seed that does not fall in either category. If you went to a technical man he undoubtedly would say it is not suitable seed for this area and he would likewise say—in a sense I am paraphrasing what these men said to us—that the planting of the seed from the air without the use of special machinery would not be effective. On the other hand, the argument of these men is that the seed is there, it is depreciating very rapidly, and undoubtedly it will lose its value entirely at an expensive storage cost and then will have to be disposed of because it will no longer have any germinating qualities, and that if it could be put to use by Air Corps planes or any planes that might be available over lands that would be agreeable, either through consent of a grazing district or public land, certain benefits could be obtained. If it produced the growth of grass, the benefits would be obvious; and if not, we would have the benefit of that knowledge and would not try it again; and to offset it would be the saving of storage costs while the seed is losing its germinating qualities. They were of the opinion that if the location of this experiment were selected with care it would be possible to have it handled on a cooperative basis, and we felt some value could be gained there.

For that reason when we returned we started, to the extent we were able, to discuss it. As yet we have not accomplished a great deal but the matter is under discussion. I have taken it up with the Secretary and he has had a preliminary discussion, I believe with Mr. Benson, I am not certain, but he commented on it to me the other day. Whether it can be done this year, I do not know. To do something in 30 days is hard, but we are quite interested and want to do it as a test.

Mr. BUDGE. I believe the Bureau of Land Management and the Department of the Interior are to be complimented in trying to

achieve that type of result. I can think of no more logical use for seed bought by the United States Government than to reseed the public lands.

MISSOURI RIVER BASIN PROGRAM

What is the status of the Missouri Basin projects which are dependent on the classification work which you propose to do?

Mr. WOOZLEY. I guess we do not have that information.

Mr. BUDGE. Will you submit that for the record? I want to know the status of the projects to see if we are not getting the horse too far ahead of the cart. If you will, furnish that answer for the the record.

Mr. WOOZLEY. I would say that the classifications we have done there have been very helpful in many ways. They have been helpful in determining the best overall use of the land and they save another classification when disposals or withdrawals come in, so that we do not have to go in and make a second classification. The classification work, even though it may be ahead of some of the planning, is certainly being used every day. It is also being used in connection with our grazing programs. We will get you a more detailed answer. I cannot tell you exactly what the situation is.

(The material referred to follows:)

LAND CLASSIFICATION PROGRAM, MISSOURI RIVER BASIN FISCAL YEAR 1955

The program of land classification by the Bureau of Land Management in the Missouri River Basin is approved and coordinated by the departmental field committee in a manner that best advances the departmental program in the basin. The land-classification work in any given year may not be significant to the work of the Bureau of Reclamation in the same year, but it is necessary to that Bureau in planning the ultimate development of the basin. The 1955 program calls for work on the Little Missouri watershed and on the Milk River.

Milk River, (850,000 acres).—The public lands to be classified are adjacent to the Fort Peck Reservoir. Completion of the classification of these Federal lands will permit determination as to what land should be retained under Federal management and which should be disposed of, and to develop information leading to the best management program for the retained land either by the Bureau of Land Management or other Federal agencies. This is considered a necessary determination in the whole development program in the basin.

Little Missouri watershed (590,000 acres).—The 1955 program will finish the classification of public lands on this watershed in the Dakotas. The way then will be clear for the Bureau of Reclamation to complete its intensive investigation as to the irrigability of the lands so that irrigation units can be properly established.

LAND IN FEDERAL OWNERSHIP

Mr. BUDGE. Could you furnish the committee with an historical statement, say covering the last 15 or 20 years, which would show the acreages of land in Federal ownership as of each year?

Mr. WOOZLEY. In this particular basin?

Mr. BUDGE. No; over the United States.

Mr. LEWIS. Mr. Chairman, I have innocently asked the same question, and probably for the same reason the question has been asked here, and I have been approached by others to develop it, and our problem lies to a great extent in the fact that so much of the land is wholly unsurveyed that we have no idea as to what land we owned ever.

Mr. BUDGE. Can you tell us whether the Federal ownership is increasing or decreasing?

Mr. LEWIS. I would say, as far as our Department is concerned, that while I am not absolutely certain I am relatively certain it is increasing.

Mr. BUDGE. In other words there is more land going back to the Federal Government all the time than is being disposed of by the Federal Government?

Mr. LEWIS. Here is what you find yourself doing in the Federal Government. You find yourself obtaining wildlife refuges through the duck-stamp money and other funds; you have national parks, national monuments, historical sites, many of which are purchased more often by donated funds or sometimes the lands themselves are donated. I believe the national parks increased some 45,000 acres last year. What Fish and Wildlife did, I cannot say offhand.

Mr. BUDGE. And of course there have been large military and atomic-energy acquisitions too.

Mr. LEWIS. Yes, outside of our Department, and Reclamation has acquired some lands. They must condemn lands for power sites and reservoirs and so forth. And often it is not the acquisition of lands but it is a situation developing by the lands being locked into Federal ownership in the sense of the character of their use.

Mr. BUDGE. You cannot actually say from any records in your Department whether the Federal acreage is increasing or decreasing, but you feel that Federal ownership is increasing or has increased over the past 20 years or so?

Mr. LEWIS. I would say it has increased quite a bit over the past 20 years.

Mr. BUDGE. Thank you.

Mr. WOOZLEY. I might supplement that. We were approached not long ago by a group wanting an inventory of these lands from year to year. We found out the General Services Administration had been requested by one of the Senate committees to make such a study. So we dropped the idea. They have come out with some sheets asking us to determine the improvements on our lands and legal descriptions and acreages. We can tell them we have approximately 142 million acres in grazing districts, and we can point out the general areas, but we cannot give the sections, townships, and ranges on 110 million acres of that because surveys have not been made; and we cannot tell about the improvements because many improvements have been put on by the grazers.

Another question comes up all the time, we have millions of acres of land on which we still retain the mineral rights. What do you consider as ownership, just the surface or the minerals?

Another thing, we have a very active program on withdrawals and restorations. We want to find out if there are conflicting interests before lands are withdrawn.

Mr. BUDGE. In that connection I might remind you that in my congressional district you withdrew in 1907, 107,000 acres of excellent land, and since 1907 there have been no plans for the development of that land, and I wish they could put it in some status so that it could be used by somebody.

Mr. WOOZLEY. It will look bad for us because they will come back to public domain.

Mr. BUDGE. At least they can be used by somebody.

Mr. WOOZLEY. It will make them available for further disposition. We have a policy statement now about ready for the Secretary's study on withdrawals that we think will be effective.

Mr. BUDGE. It is quite a while from 1907 to 1954.

Mr. LEWIS. Might I say here that an answer to the question insofar as the Bureau of Land Management is concerned would not tell the picture. It requires an overall Federal answer because lands are swapped between bureaus and departments and you are apt to run into duplications. It might appear there is a great increase in Bureau of Land Management holdings this year that is actually not an increase because there was a great decrease in the military where the withdrawal was canceled out.

FIRE SUPPRESSION

Mr. FENTON. I think you have covered the subject well, Mr. Chairman. There are a couple things I would like to explore. In the fire-suppression item, I think you will have to revise your figure because in the first half of the current fiscal year $311,900 has been spent for fire suppression.

Mr. FALCK. That is correct. That was an item which we used to come to Congress about later in the year.

Mr. FENTON. For supplementals.

Mr. FALCK. Yes. This year we will not ask for a deficiency despite the fact we have spent $300,000, but I think it is obvious that that $210,000 will not be enough to carry our fire-suppression work in an average year.

Mr. FENTON. It is less than your average for 5 years now.

Mr. FALCK. This figure was raised about 2 years ago from about $50,000. We used to come back to Congress for deficiencies.

Mr. FENTON. You have had a very severe fire within the last month or two, have you not?

Mr. FALCK. Not that I know of.

Mr. FENTON. Not on the public lands?

Mr. LEWIS. No. That was the Los Angeles fire. That was a State fire.

Mr. FALCK. Last year we spent a great deal of money in June alone for fire suppression. There is no warning.

Mr. FENTON. Would you mind inserting in the record at this point a breakdown of the fires for this fiscal year and the amounts of money you had to spend for the suppression of them.

Mr. FALCK. We will furnish that for the record.

(The material referred to follows:)

Cost of fire suppression—calendar year 1953

State	Number of fires	Acres burned	Cost of fire suppression
Arizona	5	1,196	$1,659
California	15	2,128	4,720
Colorado	18	363	722
Idaho	84	73,907	67,669
Montana	20	1,088	3,496
Nevada	73	13,075	28,948
New Mexico	5	118	164
Oregon	30	1,400	1,275
Utah	26	13,002	25,879
Wyoming	14	985	3,165
Alaska	176	466,748	305,353
Total	466	574,010	443,050

NOTE: The cost is divided by fiscal years: 1953, $131,150; 1954, $311,900.

ACCESS ROADS IN O. AND C. LANDS

Mr. FENTON. Myself and two other gentlemen recently had occasion to go into this great forest area in Oregon. Can you identify the road that we were on in your map here?

Mr. HORNING. I believe it was the Smith River Road. Here is a map of the Smith River Road. Although I was not there personally I understood you came up over this road here. Most of this road is under construction at one stage or another at the present time. Contracts have been let from here, which is known as the A section of the Smith River Road, and here is the B section of the west fork. Contracts have already been let.

Mr. FENTON. I can say it is under construction all right, because we were on it. The States or private people do not contribute to the cost of building those roads?

Mr. WOOZLEY. Some roads they do. I do not know about Smith River Road.

Mr. HORNING. The 25 percent I mentioned as being earmarked to reimburse the cost of building those roads otherwise would go to the counties in lieu of taxes, so it might be said in that sense they are contributing to the cost of building the roads.

Mr. WOOZLEY. If the Federal Government contributees money to build a road, there is a contribution from the adjoining landowner who has timber, is there not?

Mr. HORNING. Yes. These roads cross private as well as public lands.

Mr. FENTON. That is quite a program you have in that particular area, and I will say that it is badly needed. We must have roads before the timberlands can be used.

(Discussion off the record.)

Mr. WOOZLEY. It is a cooperative program. The appropriation is to construct the road and as the proceeds come back from the sale of timber the money will again be put back in the Treasury. Not only is it very essential to have the roads for marketing, but they are the key for good forests because you cannot protect them from fire unless you have roads.

SOIL AND MOISTURE CONSERVATION

Mr. JENSEN. I see you are asking for $1,718,472 for soil and moisture conservation. That is not quite as much as you had last year. How many acres of land do you have under the Bureau of Land Management in the United States? Around 180 million acres?

Mr. WOOZLEY. Yes, sir, approximately.

Mr. JENSEN. So you will spend a little less than 1 penny an acre. Is that right?

Mr. WOOZLEY. That is right, yes, sir, on that particular phase.

Mr. JENSEN. Land is eroding away at a criminal rate and we of this generation are letting it happen when we know that we are going to have a population increase and are now having a population increase of 2.5 million annually. This means that in the next 20 years we will have a population of over 200 million people. We are spending the large sum of less than 1 penny an acre to save that soil that this steadily increasing population will have to depend upon for a living.

I wonder how you can justify that? I wonder how we of this generation can justify this kind of business. I wonder what our grandchildren, our great grandchildren, our great great grandchildren will think of us when they cannot get enough to eat in this America of ours when we have lived here in the lap of luxury. We have a little surplus now that some people are worried about. We have a surplus of about 5 billion. They call it a surplus. It is a puny little reserve in my book. But they think nothing of piling up defense material to the tune of hundreds of billions of dollars and no war was ever won without food. Every nation that ever lost a war lost it because they did not have enough food, and here we are fixing to some day lose a war because we are letting our reserve of precious soil be depleted day in and day out. We are fixing to lose a world war some day because we will not have the necessary land on which to produce enough food to support an army.

We are spending the large sum of a little less than 1 penny an acre on our public lands in this mainland, to say nothing about the 350 million acres in Alaska, and we are spending a little more than that on Indian land, just a little more. I am not going to be a party to that kind of business. I am going to continue to raise my voice against it until I finally get someone in the Department to wake up. I suppose if I had not kept pounding for the past 12 years on that very thing we would be down probably to a quarter of a penny an acre, maybe less, or maybe somebody else would have picked up the cudgel who would have been more effective than I. I would like to have someone try to justify spending less than 1 penny an acre for the conservation of our priceless top soil on public lands. I would just like to hear someone make a speech on that.

I know it is difficult to bring back into production a lot of these public lands, because they have been left unattended until they are almost unreclaimable. A few years ago this committee appropriated money for a pellet seeding program, and I think that program was sabotaged; I do not think there is any question about it at all. Common sense says that if you have seeds inclosed in fertilizer pellets and these pellets are dropped upon Mother Earth, some of these seeds are going to grow, and they did grow.

I am so thoroughly convinced that we have to start the seeding program on these public lands. I do not care how it is going to be done. It can be done by hand, so far as I am concerned, I think it would still be worth the time. A person can go all over the world and see what has happened. You can see what has happened to the nation that forgot that its land was wearing out, and let it be eroded away. Now that nation's population is crying for bread. I saw a good many of them on my trip around the world, and believe me, that is an eye opener. That is true of many of them. Countries, a hundred, two hundred, or three hundred years ago that were great productive countries, are now barren wastes, and the people are starving. Yet, we have not taken a lesson from those books in the Public Lands Department or the Indian Department, or any other of the departments of Government, except the Soil Conservation Service. Thank God for the vision of Hugh Bennett whose service to the American people has developed a soil-conservation program on the private lands, dealing particularly with the question of erosion.

So I wish, I hope, and I pray, Mr. Woozley, that you will get your teeth in this thing and really do something about it.

You can travel throughout the eastern countries, and you will note the barren wastes; you can see exactly the same thing in Turkey, Lebanon, Syria, Israel, Pakistan, India, or any of the rest of those places. We are over there telling them how to save their land, and what a record we have toward doing it for ourselves. Here we have 180 million acres that is just about as bad as the worst of theirs. How crazy can we get?

I do not mind telling you that I am going to recommend to the committee more money for the soil and moisture conservation program, and I know that if somebody in your department will take hold of it, they can spend every dime of it as it should be spent, with a great deal of advantage to the country.

I am also going to ask the committee to recommend far more dollars for public seeding, and I sincerely want you, Mr. Woozley, and your organization, to try to use it. I cannot live with myself and do otherwise; I cannot live with my conscience and do otherwise. If anybody has got anything to say, I would like to hear it.

Mr. LEWIS. Mr. Chairman, I might say that as far as seeding is concerned, while you were away we got into a discussion of pellet seeding, and I reported at that time on a program we had under discussion, and we hope to bring to fruition, for the use of the CCC seeding, or whatever it is called in the agricultural organization——

Mr. JENSEN. The Commodity Credit Corporation.

Mr. LEWIS. The Commodity Credit Corporation, with the thought that we might be able to put that seeding, which probably is going to deteriorate, to a place where it is not usable, to some use, at least on an experimental basis, with the thought of seeing whether or not as such seeds become available now, we can distribute them over the public lands, and get some results.

Naturally we would not get the same results as would be attained from selecting seed. That would be hard to imagine. But we may get some results, and if we can do, we can find a place to use them to excellent advantage and at relatively low cost.

Mr. JENSEN. I am glad to hear you are thinking about that.

Mr. LEWIS. Congressman Jensen, this has passed the thinking stage.

Mr. JENSEN. It has?

Mr. LEWIS. Yes.

Mr. JENSEN. I am glad to hear that. I hope it will be a program that will not be dropped after the first year, like so many other programs have been.

Mr. LEWIS. Congressman, this program might be dropped after the first or second or third year, after it is instituted, because it might be discovered that there was not a usable plan, but at least it would serve two purposes, useful purposes, in that it will do a tremendous amount of good at a nominal expense, and also do away with a surplus problem. Otherwise, if it does not do any good, we will know it, and then we can work in another direction.

Mr. JENSEN. We are spending billions of dollars in building great multiple-purpose dams, flood-control dams, irrigation dams, and power dams all over the country. They are telling us that these dams are being filled up presently with top soil.

Out in the Western States these dams are filling up with silt so rapidly that we will wake up some day, or our children will, or maybe our grandchildren, and the water will be running over those dams like water over a solid rock, unless we do something about it.

We must be able to get vegetation of some kind growing on the public lands, not only for conservation or soil-building purposes, but to protect these great dams which the American taxpayers have put so many millions of their dollars into.

Mr. WOOZLEY. I might say, Mr. Jensen, that I think there is certainly a great deal of truth in everything you say, and we will certainly do our very best with the money that is appropriated to us.

We have, of course, all of the time, the decision to make. We have questions that are important; that is, the decision as to how we can serve the people in the functions we are supposed to manage, and do everything else. The problem is here, and I agree with you, and if more is appropriated, we will certainly use the money that is appropriated and will certainly do the very best that we can. Of course, you realize the problem that we have before us, but we will do our very best.

Mr. JENSEN. It is always a mystery to me that people of those Western States, dry Western States, and their representatives, have sat idly by all of these years and not moved a finger toward saving the soil.

I come from the State of Iowa. In my State there are many soil conservation programs under way. There is more acreage under contour land, more miles of terracing, more soil conservation practices being used in my district than any comparable area in the whole United States. We are whipping the problem out there in my farming area. I am proud of them. Some of that area was covered with thousands of gullies 15 years ago. There is hardly a gully to be found in my district at the present time.

I know that there is enough intelligence and enough know-how in the Bureau of Land Management to start whipping this problem on our public lands. If there isn't, we had better find out, because I say that it is the most important program the Bureau of Land Management has. There is nothing that is half as important as getting into action on these 180 million acres of land under your direction. That is my opinion. And I have not heard anybody dispute it successfully yet. I just hope and pray that you people will really get down to working on that very important problem.

Mr. BUDGE. I would like to add, Mr. Chairman, that from my relatively short experience on this committee, I think the people of the United States, who own the public lands of the United States, will, for a great many years, be indebted to you and to the other members of this committee who have had the foresight to accept the Federal Government's responsibility in protecting those acres for future generations.

It is rather unusual in the Congress of the United States, to have the people from the Middle West, the East and the South recognize that the Federal Government is the landlord, and is charged with the responsibility of keeping that property in condition so that maybe it can be passed on to posterity. I think the people of the United States have been extremely fortunate in having you as a member of this committee.

Mr. JENSEN. I have not been able to accomplish much. I am not particularly proud. I have brought this subject up every year, but the Bureau of Land Management has never asked for enough money. This committee has appropriated more money than they asked for, and it is just a piddling amount, that cannot accomplish much.

What can you do with one penny to conserve an acre of soil? Just about exactly nothing.

I will put my economy record up against anybody in Congress, as a whole, but I certainly am not going to economize at the expense of our topsoil, or at the expense of posterity. Certainly, if we can spend for the things that we are doing in the local areas, State and Federal, to the tune of many billions a year, we should not hesitate to spend at least a half billion dollars a year to conserve the things that will keep America great, that will keep us and assure us that we some day will not be in the condition that exists in the other nations of the world today. They have let their land go unattended and are now crying for bread.

I am going to keep on, as long as I have breath in my body, fighting to see if we cannot get enough funds in this all-important program of soil conservation on the public lands. And I am always hoping that maybe someone, somewhere, will get into the fight and do something about it.

I hope that your next request for money will be a lot more than you have requested this year for this important work.

(Discussion off the record.)

Mr. BUDGE. We certainly wish to thank you gentlemen for your attendance.

Mr. LEWIS. We appreciate very much the opportunity to present the budget and the manner in which you have given us the opportunity.

Mr. JENSEN. May I add that you have a great organization, and you have a great opportunity to make a record in that Department, I will say, greater than any other department of the Government.

(Discussion off the record.)

Mr. JENSEN. Now, back on the record. About a year ago I was invited down to the Department. Your predecessor, Mr. Woozley, had a number of the officials of the Bureau of Land Management there, and a number of representatives of the grazing bodies of the West. At that time I threw out the suggestion that we raise the grazing fee on the cows to 20 cents a month, and then take half of the difference between that and the 12 cents per month per cow and spend it for soil and moisture conservation on those particular grazing lands that are being used by the cattlemen and sheepmen.

I do not think anything was ever done about it. I do not know whether or not the people in the Grazing Land Section ever gave it consideration.

It appears to me that the cattle and the sheep men should be only too happy to go into a proposition of that nature, because it certainly would build up their grazing land. In a short time they would have better grass, and hence could raise their cattle and sheep faster, market them faster, and at the same time a better soil conservation practice would be carried on than is being done today.

I still am hoping that something might be worked out wherein the people that use the grazing land will cooperate with the Bureau for a soil conservation program on the land that they are particularly interested in. Certainly it would be beneficial to them as well as the Federal Government and to our American people for years and years to come.

Mr. WOOZLEY. I might say, Mr. Chairman, this money that is appropriated by the Congress, of course, we are willing to spend. But it is on a cooperative basis, and Mr. Pierson, Chief of the Branch of Soil and Moisture Conservation, can tell you more about that.

Mr. PIERSON. There is quite a bit of contributions to the program—it is about equally proportioned among the grazing people. Some of them are running about 43 percent. It varies depending upon their financial condition. It is running between 30 and 40 percent. So there is general interest on the part of the livestock men in the welfare of the public lands, on how the land is used.

Mr. JENSEN. You can go across a State line or private land line, and see they are paying a lot more.

Mr. PIERSON. That is correct.

Mr. JENSEN. Without a doubt, big grasslands are better administered and hence better protection is given; less overgrazing. They can afford to pay more. But that is what I am getting at; certainly we ought to put the Federal lands in the same condition, and could, in a short number of years.

Mr. BUDGE. Thank you very much, gentlemen.

THURSDAY, JANUARY 21, 1954.

COMMISSION OF FINE ARTS

WITNESSES

DAVID E. FINLEY, CHAIRMAN
H. P. CAEMMERER, SECRETARY

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$21,200	$21,200	$21,200
Unobligated balance, estimated savings	−245		
Obligations incurred	20,955	21,200	21,200

Obligations by activities

Commission of Fine Arts—1953, $20,955; 1954, $21,200; 1955, $21,200.

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Total number of permanent positions	2	3	3
Average number of all employees	2	3	3
Average salaries and grades:			
General schedule grades:			
Average salary	$5,235	$5,425	$5,287
Average grade	GS-7.5	GS-8.5	GS-8.5
01 Personal services:			
Permanent positions	$10,470	$12,060	$13,015
Other positions		990	540
Regular pay in excess of 52-week base	45	50	45
Payment above basic rates	427		
Total personal services	10,942	13,100	13,600
02 Travel	4,445	5,200	5,200
04 Communication services	233	400	300
06 Printing and reproduction	4,268	800	700
07 Other contractual services	509	800	700
08 Supplies and materials	558	900	700
Obligations incurred	20,955	21,200	21,200

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year	$2,193	$5,095	$1,295
Adjustment in obligations of prior years	31		
Obligations incurred during the year	20,955	21,200	21,200
	23,179	26,295	22,495
Deduct unliquidated obligations, end of year	5,095	1,295	1,495
Total expenditures	18,084	25,000	21,000
Expenditures are distributed as follows:			
Out of current authorizations	15,860	19,905	19,705
Out of prior authorizations	2,224	5,095	1,295

Mr. JENSEN. The committee will come to order.

Mr. FINLEY. Mr. Chairman, I have a very short statement which I would like to make.

GENERAL STATEMENT

For the fiscal year 1955, the Commission of Fine Arts is asking $21,200, which is the same amount as was appropriated for the current fiscal year 1954.

The Commission of Fine Arts was created by Congress on May 17, 1910. The 7 members of the Commission are appointed by the President of the United States from leaders in the respective professions represented on the Commission: 3 architects, a landscape architect and city planner, a sculptor, a painter, and a layman interested in the fine arts. All are competent judges of the fine arts, as required by law.

The Commission advises, on request, the President, committees of Congress and Members, individually, and heads of departments and agencies of the Government with reference to fine arts projects with which the Government is concerned. Before the establishment of the Commission of Fine Arts in 1910, it was customary to appoint a special

commission or committee which, after a design had been agreed upon and a contract let, would be disbanded, necessitating a repetition of this procedure when another project required consideration.

In accordance with the act of Congress, approved May 16, 1930, the Commission administers what is known as the Shipstead-Luce Act, pursuant to which the Commissioners of the District of Columbia, through the Office of the Director of Inspection, submit to the Commission designs of private buildings adjacent to areas specified in the act, in particular the central area of the National Capitol. Since the enactment of the law in 1930, there have been nearly 1,610 cases submitted to the Commission.

The Commission also administers what is known as the Old Georgetown law, which was enacted by Congress on September 22, 1950. The purpose of the law is to preserve and protect the architectural integrity of Georgetown, which was a thriving colonial town when the city of Washington was founded. In this work the Commission has the assistance of a committee of consulting architects, who meet each week and serve on a voluntary basis. Since the enactment of the law, slightly over 3 years ago, there have been more than 700 submissions to the Commission by the Commissioners of the District of Columbia, through the Office of the Director of Inspection.

In July 1953 the Commission of Fine Arts made a report to the President entitled "Art and Government." It was made at the direction of the President and comprised a survey of the Government's activities in the field of art. Many of the recommendations of the Commission contained in the report (pp. 13 to 28) are of concern to Congress; the Commission has, therefore, sent a copy of the report to each Member of Congress.

We have sent it to all the members of the committee, but if you would like to have additional copies, we can supply them.

CASES HANDLED BY COMMISSION

Mr. JENSEN. Will you insert in the record the total number of cases handled by the Commission and the disposition for each of the last 5 years?

Mr. FINLEY. Under the various acts?

Mr. JENSEN. Yes.

Mr. CAEMMERER. In the case of Old Georgetown it would be 3 years.

Mr. JENSEN. Three years will be all right.

(The material referred to follows:)

Number of cases submitted to the Commission of Fine Arts during the past 3 fiscal years

	1951	1952	1953
Shipstead-Luce Act	76	70	75
Old Georgetown Act (approved Sept. 22, 1950)	163	255	257
Miscellaneous	98	57	86

FISCAL YEAR 1951

Item	Cases received	Approved	Disapproved
Shipstead-Luce Act	76	72	4
Old Georgetown Act	163	147	16
Miscellaneous	98	96	2

FISCAL YEAR 1952

Shipstead-Luce Act	70	69	1
Old Georgetown Act	255	250	5
Miscellaneous	57	54	3

FISCAL YEAR 1953

Shipstead-Luce Act	75	74	1
Old Georgetown Act	257	253	4
Miscellaneous	86	80	6

ORGANIZATION

Mr. JENSEN. What in general was reported in your study of integration on art activities? Last year you reported that it was in the hands of the President. Is this the one?

Mr. CAEMMERER. That is it.

Mr. FINLEY. Yes, sir.

Mr. JENSEN. Is there any plan under consideration for altering the organization or program of the Commission?

Mr. FINLEY. None at all. We recommend in the report that the present organization of the Commission, which was established in 1910 should not be altered and that it should continue to function as an advisory commission composed of members serving on a voluntary basis.

APPROPRIATION AUTHORIZATION

Mr. JENSEN. Does the original law require that your appropriation be held to $10,000 a year?

Mr. FINLEY. That was the original authorization, and it has never been increased.

Mr. JENSEN. Have you done anything about asking it to be increased?

Mr. CAEMMERER. I wish to say that Senator Cordon asked Mr. Finley to take that up with the appropriate authority in the Department of the Interior. I have been requested to state that this question of increasing the limitation is now being processed, and it has been agreed, the Department has agreed, to an increase to $35,000. This committee will be duly informed on that matter through the National Park Service.

As you see, the principal item in the Commission's budget is the item of travel to pay the expenses incurred by the members in attending meetings of the Commission.

Mr. JENSEN. That will be all gentlemen, thank you.

Mr. CAEMMERER. Thank you.

THURSDAY, JANUARY 21, 1954.

FISH AND WILDLIFE SERVICE

WITNESSES

ORME LEWIS, ASSISTANT SECRETARY FOR PUBLIC MANAGEMENT
JOHN L. FARLEY, DIRECTOR
ARNIE J. SUOMELA, ASSISTANT DIRECTOR
ALBERT M. DAY, ASSISTANT TO THE DIRECTOR

Mr. JENSEN. Mr. Farley, you are the new Director of Fish and Wildlife. We welcome you to the committee. I am sure you will find your services with the Fish and Wildlife very enjoyable. I presume it is one of the most interesting occupations that one could have, especially since I am a lover of fish and wildlife myself, although I do not get to fish as much as I would like to. I have not had time to go fishing since I came to Congress. I used to quite a bit before I came here. I have always enjoyed working with the Fish and Wildlife Service and have enjoyed working with Mr. Day, and I am sure that Mr. Day has enjoyed the many years of service he has had with the Fish and Wildlife Service.

I want to compliment Mr. Day for the good work he has done, and I am glad to see that he is still with the Service.

Mr. DAY. Thank you, sir.

BACKGROUND OF NEW DIRECTOR

Mr. JENSEN. Mr. Farley, it is customary for the head of any department of the Interior to give a little background of his life at his first appearance before the committee. We do not ask you to go into detail, but give us a little outline of your life.

Mr. FARLEY. Before responding to that may I say that Mr. Day, before these meetings were to be held, told me repeatedly of the friendly treatment he has had before this committee, and I am glad to hear that he is considered very highly and has been very successful in the Service.

It may be a matter of interest to you to know that I was born in Ohio and was largely raised as a youngster in New York State and Wisconsin, where I received my schooling, first graduating from a State teachers college, teaching 4 years, 2 of which years I was superintendent of a small city school system.

I went on to the University of Wisconsin, taking up a course in electrical engineering from which I graduated in 1917. I was just in time to enter the military service in World War I. I stayed in that service with a permanent commission. I stayed for about 5½ years and then decided to return to civilian life to pursue engineering work, which I did for about 5 years on the Pacific Coast with a large utility

company there, and then was persuaded to leave that activity and enter into a State activity in California.

For approximately 6 years I was director, or at that time it was called the executive officer, of the California Fish and Game Commission, commercial fishing being a very important industry in California.

Since that time I have been with Crown-Zellerbach Corp. My employment there was largely because of my familiarity with the fish and game problems and the desire of that firm to get assistance in their departments that were involved in fish and wildlife.

Then World War II came along, and I was one of those so-called retreads and spent about 5½ years including the command of a regiment in Alaska. I went up to Alaska before the war broke and spent 3½ years up there on the department commander's staff in charge of seacoast defenses, which required and gave me an opportunity to become familiar with many of the seacoast areas that few people have a chance to see, from Annette Island to Attu, Fairbanks, Nome, and so forth.

So I have had a good chance to get acquainted with Alaska's topography and keep up my interest in wildlife.

I came out of the service and returned to the firm that I mentioned previously and remained with them until I was persuaded to head up the Fish and Wildlife organization, which brings us up to last year.

GENERAL STATEMENT

Mr. JENSEN. That is fine, Mr. Farley. I presume you have a statement?

Mr. FARLEY. I have a very short one. Do you wish me to read it?

Mr. JENSEN. I wish you would read it.

Mr. FARLEY. I am pleased to have this opportunity to present to this committee our plans for the fiscal year 1955 for the administration of the fish and wildlife resources of the United States for which the Federal Government is responsible. Within the limitations properly placed on our Service, we have prepared a program which will continue the essential activities heretofore approved by the Congress. Continued efforts will be made to effect economies and improve efficiencies in order that the maximum values may be derived from the appropriations made available to us.

The budget allowances for fiscal year 1955 for certain wildlife activities under the appropriations for "Management of resources" and "Investigations of resources" were made with the understanding that greater use would be made of certain of the permanent appropriations. These additional amounts would be made available for this purpose in 1955 largely by curtailments which have been made in funds initially programed in fiscal year 1954 for land acquisition. By this means, these activities would be continued in 1955 at substantially the current level notwithstanding the fact that the estimates for the four annual definite appropriations represent a decrease of $968,600 below the appropriations for 1954. Because of an estimated decline in receipts, indefinite appropriations estimated for 1955 represent a decrease of

$2,283,793 as compared with the amounts appropriated for 1954. In the aggregate, appropriations contemplated for 1955 represent a reduction of $3,252,393 below the appropriations for 1954. Direct comparison of the estimates with the 1954 appropriations, however, is not very satisfactory because of special nonrecurring items and because of changes in emphasis on various programs or activities.

Under the appropriation "Management of resources" $1 million is estimated for the activity "Mammal and bird reservations," but the allowance of this amount was predicated on the use of $500,000 from the permanent appropriation "Migratory bird conservation account (duck stamp)" for operation and maintenance expenses. This means that the operation and maintenance expenses of practically all migratory waterfowl refuges in the fiscal year 1955 will be charged to the migratory bird conservation account.

Another example, $320,000 is budgeted for enforcement activities under the Migratory Bird Treaty and Lacey Acts as compared to $420,000 provided for the current fiscal year. This $100,000 reduction was made with the understanding that it would be offset by the use of a like amount of permanent indefinite appropriations available for enforcement activities. Other similar reductions were made with the understanding that the reductions would be offset by the use of permanent indefinite appropriations, the details of which are set forth in the justifications which accompany our estimates.

Under the activity "Propagation and distribution of food fishes," it is proposed to effect a saving of $114,000 by discontinuing the operation of 5 hatcheries in 5 States at which the facilities are outmoded or which are not so located as to permit of economical and efficient operation, by discontinuing mussel-culture operations headquartered at Carterville, Ill., and by deferring the replacement of equipment. On the other hand, an increase of $270,000 is contemplated by the estimate for the operation of new and expanded facilities at 28 hatcheries where the demand for fish for stocking purposes greatly exceeds the present production.

Changes in programs or activities will be discussed in detail in the various justifications.

General Administrative Expenses

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$898,198	$775,000	$775,000
Reimbursements from non-Federal sources	1,692		
Reimbursements from other accounts	420	1,600	1,600
Total available for obligation	900,310	776,600	776,600
Unobligated balance, estimated savings	−10,095		
Obligations incurred	890,215	776,600	776,600

NOTE.—Reimbusements from non-Federal sources above are from the proceeds of sale of personal property (40 U. S. C. 481 (c)).

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
Direct Obligations			
Appropriated funds:			
1. Departmental expenses	$428,741	$375,000	$375,000
2. Regional office expenses	459,362	400,000	400,000
Total obligations from appropriated funds	888,103	775,000	775,000
Reimbursements from non-Federal sources:			
3. Replacement of personal property sold	1,692		
Total direct obligations	889,795	775,000	775,000
Obligations Payable Out of Reimbursements From Other Accounts			
1. Departmental expenses	420	1,600	1,600
Obligations incurred	890,215	776,600	776,600

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Direct Obligations			
Total number of permanent positions	161	147	148
Full-time equivalent of all other positions	1		
Average number of all employees	158	147	146
Average salaries and grades:			
General schedule grades:			
Average salary	$4,564	$4,638	$4,670
Average grade	GS–6.6	GS–6.7	GS–6.7
Appropriated funds:			
01 Personal services:			
Permanent positions	$723,079	$713,151	$711,664
Other positions	3,569		
Regular pay in excess of 52-week base	2,870	2,739	2,832
Payment above basic rates	14,808	11,725	13,504
Total personal services	744,326	727,615	728,000
02 Travel	21,840	19,600	19,200
03 Transportation of things	2,258	1,300	1,300
04 Communication services	23,776	6,313	6,300
05 Rents and utility services	17,263	5,440	5,400
06 Printing and reproduction	8,490	3,340	3,400
07 Other contractual services	12,903	4,025	4,000
08 Supplies and materials	26,314	2,669	2,700
09 Equipment	29,409	3,134	3,100
10 Lands and structures	98		
15 Taxes and assessments	1,426	1,564	1,600
Total obligations from appropriated funds	888,103	775,000	775,000
Reimbursements from non-Federal sources:			
09 Equipment	1,692		
Total direct obligations	889,795	775,000	775,000
Obligations Payable Out of Reimbursements From Other Accounts			
02 Travel	353	1,350	1,350
08 Supplies and materials	67	250	250
Total obligations payable out of reimbursements from other accounts	420	1,600	1,600
Obligations incurred	890,215	776,600	776,600

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year	$72,497	$86,968	$61,968
Adjustment in obligations of prior years	4,885		
Obligations incurred during the year	890,215	776,600	776,600
	967,597	863,568	838,568
Deduct:			
Reimbursements	2,112	1,600	1,600
Obligated balance carried to certified claims account	21		
Unliquidated obligations, end of year	86,968	61,968	61,968
Total expenditures	878,496	800,000	775,000
Expenditures are distributed as follows:			
Out of current authorizations	803,123	720,000	715,000
Out of prior authorizations	75,373	80,000	60,000

FIELD OFFICES

Mr. JENSEN. Last year the House report required a report at this year's hearings showing progress in reducing the number of field offices. What has been accomplished in this direction?

Mr. FARLEY. Will you comment on that, Mr. Day?

Mr. DAY. We have been making some study of the problem, and so far our conclusions are that our regional organization is about as good as it can be. The Interior Department is proposing to make a general survey of the Fish and Wildlife Service as they have several other Bureaus, and it is entirely possible that the survey team may come up with some suggestions as to changes.

Our studies so far have indicated no change in any regional office but we are waiting for the Interior Department study.

Mr. FARLEY. There have been reductions as a result of studies of economical operation but not in organization.

COMPARISON OF PERSONNEL

Mr. JENSEN. What is your personnel now compared with what it was a year ago?

Mr. LEWIS. If I might comment at this time while they are getting these figures, the survey team which I explained yesterday for Fish and Wildlife is in the course of being selected. It is anticipated that selection will be completed and that the work will be commenced in about 30 days.

In general it takes the survey team 60 days to complete its work and about 30 days to start implementing it, so I would judge that about 4 months from now we should be under way on any reorganization that takes place in connection with this.

There was no particular reason why Fish and Wildlife was delayed as compared with the others; it was just that as we selected people we happened to cover some of the others first. It has been quite a tremendous job to survey each one of the bureaus. Out of that report, of course, will come the reorganization to such extent as the team believes necessary, and we are going ahead on the basis that outsiders should participate. We have found that that is much more satisfactory than a wholly governmental employee survey team. Rather new ideas come into the picture which you do not get otherwise.

Mr. FARLEY. I am not sure this figure is completely responsive to the question. This combines the temporary and permanent employees. This year and again next year the urgencies of the salmon situation, patrolling the salmon fishing, requires more temporary employees. The combination of temporary and permanent employees is down 33 this year. That does not include the buildup of last summer, which was larger than usual because of the fisheries problems.

ACTUAL AND ESTIMATED RECEIPTS

Mr. JENSEN. Will you supply for the record the total estimated receipts for fiscal 1954 and 1955, the actual receipts up to 1954 and the 3 years before, and also show the receipts by sources and their distribution.

(The information referred to follows:)

RECEIPTS COLLECTED FOR THE FISCAL YEARS 1951–55 WHICH DETERMINE CERTAIN APPROPRIATIONS FOR THE FISH AND WILDLIFE SERVICE

Below are tabulated the receipts over the 5-year period through fiscal year 1955, against which certain receipt limitation appropriations are made to the Fish and Wildlife Service. This tabulation includes all major receipts but does not include miscellaneous receipts collected in the course of general operations and which are deposited to the general fund. These receipts amount, annually to about $500,000 and include such items as fines and penalties ($12,500), rent of buildings and grounds at Crab Orchard Industrial Unit ($125,000), sale of power at Crab Orchard Industrial Unit ($100,000) and such other items as refund of terminal leave, recoveries of excess costs over contract price, etc. None of these receipts are made available to Fish and Wildlife Service nor do they set appropriation limitations.

On the other hand, it should be noted in the list below that the Service is not the collecting agent for all revenues which bear on Service appropriations. Excise taxes on firearms and cartridges, etc., and on fishing rods, reels, creels, etc., are manufacturers' taxes collected by the Treasury Department and are deposited into a special fund from which the appropriations "Federal aid in wildlife restoration" and "Federal aid in fish restoration and management" are made. Federal hunting stamps are sold in post offices and deposited to a special fund for the Fish and Wildlife Service appropriation "Migratory bird conservation account." Receipts from the sale of wildlife products are deposited in the general fund and an amount equal to 60 and 25 percent of the net proceeds of these sales are appropriated annually for "Administration of Pribilof Islands" and "Management of resources (no year)," respectively.

The direct appropriations of Fish and Wildlife Service, not limited by receipts, are the four annual definite appropriations as follows:

Appropriation	*Estimate 1955*
1. Management of resources	$6, 600, 000
2. Investigations of resources	4, 027, 000
3. Construction	300, 000
4. General administrative expenses	775, 000
Total	11, 702, 000

Federal aid in fish restoration and management

Fiscal year	Receipts	Appropriation
1951	$2, 929, 250	
1952	2, 857, 094	$2, 929, 250
1953	4, 556, 615	2, 857, 094
1954	4, 000, 000	4, 556, 615
1955	4, 000, 000	4, 000, 000

Under the Federal Aid in Fish Restoration Act of 1950 (64 Stat. 430), assistance is given the States, Alaska, Hawaii, Puerto Rico and the Virgin Islands by appropriation of funds equal to the revenue of the 10-percent excise tax on fishing rods, creels, reels, and artificial lures, baits, and flies. Federal-aid payments are made to the States for fish restoration and management projects which also cover research into fish culture and management, formulation of restocking plans, and selection, acquisition, restoration and improvement of areas adaptable as hatching, feeding, resting, or breeding places. In the administration of this program State plans are examined and audits of State expenditures and inspection of projects are made. Funds apportioned but not expended by the States within 2 fiscal years are available to and are used by the Service for research on fish of material value for sport and recreation.

Federal aid in wildlife restoration

Fiscal year	Receipts	Appropriation
1951	$17,846,424	$9,351,614
1952	10,679,059	17,846,424
1953	12,147,554	10,679,059
1954	11,000,000	12,147,554
1955	11,000,000	11,000,000

Under the Federal Aid in Wildlife Restoration Act of 1937 (16 U. S. C. 669–669j), assistance is given the States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands by appropriation of funds equal to the tax revenue from firearm, shell, and cartridge manufacture, which is covered into the Federal aid to wildlife restoration fund in the Treasury.

Federal-aid payments are made to the States for wildlife restoration projects. These payments also cover construction necessary to make land or water areas available for such projects and provide, also, for wildlife management research necessary for efficient administration. In the administration of Federal aid to the States for wildlife restoration projects, State plans are examined and audits of State expenditures and inspection of projects are made. Funds apportioned but not expended by the States within 2 fiscal years are available to and used by the Service to carry out provisions of the Migratory Bird Conservation Act.

Management of resources (no-year)

Fiscal year	Receipts	Management of resources (25 percent)
1953	$3,326,218	$831,540
1954	2,757,734	831,554
1955	2,750,000	687,500

Beginning with the appropriation for fiscal year 1953, amounts equal to 25 percent of the proceeds covered into the Treasury from the sale of sealskins and other products have been appropriated for such purposes as management and investigation of fish and wildlife resources of Alaska, including construction. This appropriation is based on the prior year's receipts and is available until expended.

Administration of Pribilof Islands

Fiscal year	Receipts	Administration of Pribilof Islands (60 percent)
1951	$2,701,441	
1952	3,326,163	$1,620,865
1953	3,326,218	1,995,698
1954	2,757,734	1,995,731
1955	2,750,000	1,650,000

Beginning with the appropriation for fiscal year 1952, amounts equal to 60 percent of the proceeds covered into the Treasury from the sale of sealskins and other products have been appropriated for such purposes as managing the Alaska fur seal herd, furnishing food, schooling, medical attention, etc., to natives of the islands and operation of plants, roads, and buildings, etc., on the islands. The appropriation is based on the prior year's receipts and is available until expended.

Migratory bird conservation account

Fiscal year	Receipts	Appropriation
1951	$3,895,804	$3,895,804
1952	4,335,897	4,335,897
1953	4,594,512	4,594,512
1954	4,590,000	4,590,000
1955	4,500,000	4,500,000

Receipts from the sale of Federal hunting stamps are collected by the Post Office Department and set aside in the migratory bird conservation fund in accordance with the provisions of title 16 United States Code sections 718–718i. Fifteen percent of the fund is used for enforcement of the migratory waterfowl hunting stamp and Migratory Bird Treaty Acts and to pay the expenses of the Post Office Department in engraving, issuing, and accounting for the stamps. Eighty-five percent of the fund is used for the acquisition, development, and maintenance of migratory bird refuges and for the protection and increase of migratory waterfowl.

Receipts are available in the year in which collected, and are available until expended.

Management of national wildlife refuges

Fiscal year	Receipts	Appropriations (receipt limitation)		
		Expenses for sales	Payments to counties	Management of national wildlife refuges
1951	$1,038,984	$19,609	$108,300	$324,899
1952	1,610,719	23,112	254,844	764,531
1953	1,909,989	26,529	396,901	1,190,703
1954	1,914,000	30,000	470,621	1,412,839
1955	1,900,000	30,000	471,000	1,413,000

Revenue is collected from the sale of wildlife-refuge products and is deposited into the account "Receipts under Migratory Bird Conservation Act." Seventy-five percent of the net proceeds of the prior year receipts are appropriated for refuge maintenance and enforcement activities (expenses for sales are deducted from current year receipts), the remainder being paid to the counties in which the refuges are located (16 U. S. C. 715s). Refuge maintenance from refuge receipts includes construction and improvement of buildings, roads, and other facilities of national wildlife refuges. The enforcement activities deal with the enforcement of the Migratory Bird Treaty Act of 1918, as amended (16 U. S. C 703–711).

Summary of receipts, 1951–55

Fiscal year	Total receipts	Total appropriations derived from receipts
1951	$28,411,903	$13,700,226
1952	22,808,932	27,774,923
1953	26,534,888	22,572,036
1954	24,261,734	26,034,914
1955	24,150,000	23,751,500

TOTAL EXPENDITURES

Mr. JENSEN. The committee would like to know approximately how much money you expect to spend this year all together in addition to the appropriations the Congress will make.

Mr. FARLEY. There will be the amounts indicated; I think I have the table somewhere here of the transfer amounts from the Army Engineer Corps for salmon investigation. For the year 1955 there will be $175,000 from the Department of Agriculture for market development research and educational services, the same as last year. From the Corps of Engineers for operation and maintenance of facilities on the lower Columbia River sanctuary program, $650,000 as compared to $802,975 for the current year, and under construction there will be $1,360,000 as compared to $3,714,000.

Mr. JENSEN. How does that reduction come about?

Mr. FARLEY. Some hatcheries have been completed that were projected, and this is a current program of construction based on the dam construction that is going on. Investigations decreased some $10.000 from $50,000 to $40,000. Under the atomic energy funds transferred to the Service, the $25,000 continues as is. Then projects with the Army, joint projects of investigation, including some disease studies, $30,000 instead of $37,000.

Mr. JENSEN. That is the amount of money that you propose to spend in addition to what the Congress will appropriate?

Mr. FARLEY. Yes, sir; and adding the permanent appropriations that we have mentioned.

Mr. JENSEN. What is the total adding the following: Transfers, permanent appropriations, and the annual appropriation?

Mr. FARLEY. I do not think I have that spelled out here.

Mr. JENSEN. You can supply that for the record.

Mr. FARLEY. Yes, sir.

(The information appears on p. 228 which follows.)

MANAGEMENT OF RESOURCES

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$7,325,375	$7,000,000	$6,600,000
Reimbursements from non-Federal sources	42,342	37,700	21,600
Reimbursements from other accounts	137,113	100,000	100,000
Total available for obligation	7,504,830	7,137,700	6,721,600
Unobligated balance, estimated savings	−81,321		
Obligations incurred	7,423,509	7,137,700	6,721,600
Comparative transfer from—			
"Salaries and expenses, Fish and Wildlife Service"	23		
"Construction and rehabilitation, Bureau of Reclamation"	380,348	230,848	
Total obligations	7,803,880	7,368,548	6,721,000

NOTE.—Reimbursements from non-Federal sources above are from the proceeds of sale of personal property (40 U. S. C. 481 (c)).

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
Direct Obligations			
Appropriated funds:			
1. Administration of fish and game laws	$1,701,363	$1,456,000	$1,484,000
2. Propagation and distribution of food fishes	2,424,538	2,544,000	2,700,000
3. Mammal and bird reservations	1,790,528	1,652,000	1,000,000
4. River-basin studies	660,358	530,848	398,000
5. Control of predatory animals and injurious rodents	949,778	950,000	920,000
6. Soil and moisture conservation	97,860	98,000	98,000
Total obligations from appropriated funds	7,624,425	7,230,848	6,600,000
Reimbursements from non-Federal sources:			
7. Replacement of personal property sold	42,342	37,700	21,600
Total direct obligations	7,666,767	7,268,548	6,621,600
Obligations Payable Out of Reimbursements From Other Accounts			
1. Administration of fish and game laws	92,141	32,500	32,500
2. Propagation and distribution of food fishes	173	250	250
3. Mammal and bird reservations	4,538	3,800	3,800
4. River-basin studies	34,821	56,450	56,450
5. Control of predatory animals and injurious rodents	5,440	7,000	7,000
Total obligations payable out of reimbursements from other accounts	137,113	100,000	100,000
Total obligations	7,803,880	7,368,548	6,721,600

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Summary of Personal Services			
Total number of permanent positions	1,096	1,060	929
Full-time equivalent of all other positions	192	213	222
Average number of all employees	1,240	1,242	1,107
Average salaries and grades:			
General schedule grades:			
Average salary	$4,564	$4,638	$4,670
Average grade	GS–6.6	GS–6.7	GS–6.7
Crafts, protective, and custodial grades:			
Average salary	$3,267	$3,311	$3,340
Average grade	CPC–4.9	CPC–5.0	CPC–4.9
Personal service obligations:			
Permanent positions	$4,422,053	$4,349,837	$3,819,000
Other positions	578,311	638,025	666,009
Regular pay in excess of 52-week base	17,086	16,430	14,071
Payment above basic rates	183,522	141,974	139,824
Total personal service obligations	5,200,972	5,146,266	4,638,904
Direct Obligations			
Appropriated funds:			
01 Personal services	5,158,193	5,086,775	4,579,413
02 Travel	286,529	322,732	296,441
03 Transportation of things	58,735	50,891	48,538
04 Communication services	53,595	52,769	43,406
05 Rents and utility services	104,536	102,966	93,762
06 Printing and reproduction	26,360	28,713	26,973
07 Other contractual services	342,251	281,151	261,288
08 Supplies and materials	1,169,790	1,105,371	1,167,917
09 Equipment	315,851	281,420	165,524
10 Lands and structures	194,669	44,954	44,954
13 Refunds, awards, and indemnities	233	2,000	
15 Taxes and assessments	14,496	14,157	11,548
Subtotal	7,725,238	7,373,899	6,739,764
Deduct charges for quarters and subsistence	100,813	143,051	139,764
Total obligations from appropriated funds	7,624,425	7,230,848	6,600,000
Reimbursements from non-Federal sources:			
09 Equipment	42,342	37,700	21,600
Total direct obligations	7,666,767	7,268,548	6,621,600

Obligations by objects—Continued

Object classification	1953 actual	1954 estimate	1955 estimate
Obligations Payable Out of Reimbursements From Other Accounts			
01 Personal services	$42,779	$59,491	$59,491
02 Travel	65,059	26,955	26,955
03 Transportation of things	19	26	26
04 Communication services	104	71	71
05 Rents and utility services	56	65	65
07 Other contractual services	18,345	7,981	7,981
08 Supplies and materials	10,751	5,411	5,411
Total obligations payable out of reimbursements from other accounts	137,113	100,000	100,000
Total obligations	7,803,880	7,368,548	6,721,600

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year	$1,032,131	$931,220	$931,220
Obligations incurred during the year	7,423,509	7,137,700	6,721,600
	8,455,640	8,068,920	7,652,820
Deduct:			
Adjustment in obligations of prior years	27,345		
Reimbursements	179,455	137,700	121,600
Obligated balance carried to certified claims account	3,601		
Unliquidated obligations, end of year	931,220	931,220	961,220
Total expenditures	7,314,019	7,000,000	6,570,000
Expenditures are distributed as follows:			
Out of current authorizations	6,316,365	6,100,000	5,770,000
Out of prior authorizations	997,654	900,000	800,000

ALASKA FISHERIES

Mr. JENSEN. I note you are requesting an increase of $165,282 for Alaska Fishing Administration. Will you please explain that, the reason for the increase?

Mr. FARLEY. The increase is requested to restore part of the reduction of $225,000 made in the appropriation for fiscal year 1954 when Congress directed that the unobligated balance of $225,000 of the Pribilof proceeds be applied toward administration of Alaska fisheries.

Mr. JENSEN. On page 42 of the justifications there is the total of receipts to be used in Alaska, broken down into eight activities. What is the purpose of separating them into eight activities?

Mr. FARLEY. I suspect just for general understanding of the purpose of the funds. I assume that would comply with normal procedure.

Mr. DAY. I might say that when this committee 2 years ago, as I recall, inserted language providing for 25 percent of the proceeds from the Pribilof Islands receipt money to go into work on the mainland of Alaska it was not to be confined to any one of the service's programs. Rather, the 25 percent money was made available to augment the inadequate program that was being carried on in Alaska for both fish and game. So that the funds are broken down by various types of activities. The bulk of it has been going into the Alaska fishery management and enforcement because that is the most critical item. Other funds have gone into game management for wardens and

airplanes and some construction of housing. A smaller proportion has gone into wildlife refuges and river basin studies.

Some $33,000 was budgeted this past year for river basin studies. The Bureau of Reclamation is very active in Alaska in exploring streams to see where hydro facilities can be installed and because of the importance of the salmon fishery it is necessary that Fish and Wildlife Service personnel assess the importance of those impoundments. Some little amount has gone into engineering and communication facilities.

With these new funds we have been able to greatly improve the communication systems, communications between airplanes and boats and shore stations. It was in accordance with the intent of Congress when they provided these funds that it should be for improving our fish and game situation in Alaska, and these are various activities that are benefiting from the use of those funds. They are supplemental to the amounts that are appropriated by the annual definite items.

Mr. JENSEN. I must say that I am a little surprised to know that there are so many activities being supported by the use of the 25 percent of Pribilof profits. I thought the purpose of that 25 percent of those profits of the seal industry was to be used primarily for enforcement of the game laws in Alaska.

Mr. DAY. Could I explain further, Mr. Chairman, that the bulk of this is being used for enforcement. Under this item of "Alaska fisheries," a great deal of the expenditure is for enforcement and management agents to guard the areas where closures are made. A large portion of that item is for enforcement. The same is true under the heading "Game Management." It is not spelled out as enforcement, but a large part of it does go into enforcement activities.

Mr. JENSEN. You estimate that the $687,500 will be the 25 percent of the profits of the Pribilof seal industry for 1955. That is where you get the $687,500?

Mr. FARLEY. Yes.

REDUCTION IN THE PRIBILOF SEAL INDUSTRY

Mr. JENSEN. Why do you anticipate such a reduction in the Pribilof seal industry?

Mr. FARLEY. A reduction in the selling price of furs at the auctions of last fall, which would be the products of the year before. There is another auction coming up this spring and reflecting that trend, and we have an estimated reduction in receipts.

Mr. JENSEN. You just want to be safe?

Mr. FARLEY. Yes, sir.

You asked a moment ago about the total moneys transferred and appropriated. In 1954 it was $41,653,703; in 1955 the estimate would be $38 million as compared to $41 million; $38,173,271 from all sources.

ENFORCEMENT OF BLACK BASS ACT

Mr. JENSEN. Last year we were told about the need for a big increase in funds to enforce the new Black Bass Act. The justifications this year say it was not necessary and you are cutting back to $42,500, which was the 1953 level.

Mr. FARLEY. The reason for that, sir, was that the experience we have had since the last hearings indicated a lack of demand by the States for the kind of rigid enforcement that was contemplated originally, and so for that reason we have asked for a smaller amount this year.

Mr. JENSEN. How can we be sure that even $42,500 is necessary?

Mr. FARLEY. That carries it back to approximately where it was before, and that seemed to be a minimum effort to maintain a reasonable enforcement of the black bass law, and again, very few of the States expressed interest and concern in game fish other than the original black bass, and so this would be continuing the black bass enforcement with some supervision of some of the other game fish shipments without additional expense.

Mr. JENSEN. How many violations have been reported in the past year?

Mr. FARLEY. I have had no record that I know of here. I can furnish that if you wish.

Mr. JENSEN. I wish you would.

Mr. FARLEY. Yes, sir.

(The information referred to follows:)

During the fiscal year 1953, a total of 32 violations of the Black Bass Act were reported in 6 States and the District of Columbia. Fines in the amount of $2,290 were levied and $75 in fines suspended. A total of 59 days in jail sentences were imposed.

FISH PROPAGATION

Mr. JENSEN. You are asking for an increase of $270,000 for propagation and distribution of food fishes.

Mr. FARLEY. Largely based, sir, on the fact that during the year there have been completed new installations and improvements on existing efficient large hatcheries, and if they are to produce as they were planned for, we need the money to buy fish food and to operate them at maximum efficiency; that is the basis of that big increase, to operate the facilities.

Mr. JENSEN. Has the Fish and Wildlife disposed of any hatcheries to States during the past year?

Mr. FARLEY. As of last year my recollection is no. We are proposing the discontinuance of five installations. I am very much interested in that program because in many respects I would like to see some of this activity transferred. Unfortunately each one of the hatcheries that I have looked into which seemed likely, has been involved in distribution of fish to more than one State as well as to some of the areas that we are primarily responsible for, such as the national parks, national forests, and the like.

So while a number of suggestions and feelers have been thrown out to State organizations, they shy away from picking up the expense and the cooperative effort that would be required to handle the hatcheries. I suppose part of the problem is the feeling that as long as the Federal Government will operate them, why assume the load.

FISH-CULTURAL FACILITIES EXPANSION PROGRAM

Mr. JENSEN. That is very natural. We will insert the table on page 21 in the record, and will you briefly explain what the increase will provide for?

(The table referred to follows:)

Station	Cost of expansion	Current value [1]	1954		1955		Increase requested, full operation	Total requested, full operation	Potential production (pounds)
			Operating allotment [2]	Production (pounds)	Increase requested	Production (pounds) with increase requested			
Williams Creek, Ariz	$85,500	$234,400	$26,930	28,000	$28,375	60,000	$38,470	$65,400	71,000
Leadville, Colo	90,000	466,200	13,358	6,000	6,275	10,500	13,317	26,675	15,000
Millen, Ga	140,000	156,200	8,664	1,000	6,550	1,900	9,936	18,600	2,500
Warm Springs, Ga	83,000	210,300	11,670	1,000	3,700	1,500	7,405	19,075	2,000
Hagerman, Idaho	208,200	437,500	81,984	80,000	8,300	90,000	16,316	98,300	100,000
Frankfort, Ky	223,000	223,000	7,500		8,082	3,000	10,500	18,000	4,000
Craig Brook, Maine	186,000	316,600	19,490	5,000	9,850	15,000	18,810	38,300	25,000
North Attleboro, Mass	287,900	287,900	12,025	1,000	5,650	2,000	12,975	25,000	8,000
Pendills Creek, Mich	150,500	146,500	5,839	1,500		1,500	23,961	29,800	13,000
New London, Minn	79,000	423,600	13,994	3,000	9,475	5,700	17,106	31,100	8,000
Meridian, Miss	97,000	186,900	12,996	2,600	4,000	3,700	7,694	20,690	4,800
Bozeman, Mont	59,600	318,500	28,809	20,000	3,000	22,000	7,116	35,925	25,000
Ennis, Mont	189,102	330,800	59,717	60,000	16,533	80,000	16,533	76,250	80,000
Berlin, N. H	85,000	349,800	28,036	20,000	24,815	48,000	53,464	81,500	80,000
Nashua, N. H	129,000	302,700	20,525	12,000	10,575	21,000	20,975	41,500	30,000
Dexter, N. Mex	45,500	368,400	15,835	3,000	6,200	5,200	11,565	27,400	7,000
Hot Springs, N. Mex	65,000	183,200	9,826	1,200	5,280	6,200	10,304	20,130	11,500
Cape Vincent, N. Y	70,000	149,600	9,568	1,000	2,600	1,500	10,782	20,350	3,000
Bald Hill Dam, N. Dak	125,000	127,400	2,500	500	5,000	1,800	6,550	9,050	2,600
Hebron, Ohio	208,000	352,500	21,131	4,000	5,875	6,000	9,819	30,950	7,500
Tishomingo, Okla	89,598	336,700	20,994	6,000	8,225	7,600	12,806	33,800	8,500
Allegheny, Pa	41,000	122,400	12,834	6,500		6,500	5,116	17,950	9,500
Lamar, Pa	175,000	410,300	45,775	30,000	18,100	47,000	30,525	76,300	60,000
McNenny, S. Dak	262,500	306,400	50,958	50,000	26,475	78,000	39,042	90,000	90,000
Erwin, Tenn	44,500	268,700	18,326	12,000	9,802	18,300	18,474	36,800	25,000
Harrison Lake, Va	50,000	202,000	8,863	1,700	3,775	2,400	9,887	18,750	3,500
Quilcene, Wash	270,160	444,700	34,028	28,000	17,880	43,000	25,472	59,500	50,000
White Sulphur Springs, W. Va	75,500	298,000	22,499	16,000	15,608	27,500	24,501	47,000	35,000
total	3,614,560	7,961,500	624,674	401,000	270,000	616,800	489,421	1,114,095	781,400

[1] Value includes facilities under construction, excludes land and water rights if any.

[2] Excludes funds for equipment and rehabilitation.

Mr. JENSEN. You ask for quite an increase over last year for a number of hatcheries. Is that to rehabilitate hatcheries, to improve them?

Mr. FARLEY. In some cases it is finishing a project that was previously authorized or to finish installing new equipment in the new hatcheries. We have considerable detail on that particular material if the committee wishes it here. Over on the other side of the desk we have a complete booklet on those details.

Mr. JENSEN. I would not think that would be necessary.

Mr. FARLEY. However, we will be glad to spell this out in further detail if you wish.

Mr. Gardner points out in the columns under 1955 in the table on page 21 the increase requested of $270,000 would make possible the production of 616,800 pounds of fish, an increase of more than 200,000 pounds.

Mr. JENSEN. How much?

Mr. FARLEY. 616,800 pounds of fish.

Mr. JENSEN. That would be 616,800 pounds of fingerlings?

Mr. FARLEY. Yes, sir. Well, they range from very small fingerlings up to catchable sized fish, depending on the program, and what kind of fish we have. That is about a 50-percent increase in poundage production over the estimated 1954 production. So it is a pretty sizable production jump.

Mr. JENSEN. Would that be due to keeping the fish longer or to the number of fish?

Mr. FARLEY. Two things, sir. One, the long period of detention so that they improve the probabilities of survival, plus the greatly improved feeding program. We have found that because of the high costs of fish food that we used to be dependent upon, they have had to go to substitutes, and some of the substitutes were not particularly nourishing, and the fish were not growing as they should. So part of the program has been one of development of feed and new combinations of food products so that they would get rapid growth.

Our experts tell us that part of this is due to research. Mr. Suomela is a man of long experience in that field and can give you that in detail.

Mr. SUOMELA. I think in general, Mr. Farley, that about gives the picture.

RIVER BASIN STUDIES

Mr. JENSEN. You are asking for an increase of $72,000 for the Arkansas White-Red River Basin. Will you tell us why?

Mr. FARLEY. The deadline for completion of the report on this inter-agency investigation has recently been established as June 30, 1955, by the Arkansas-White-Red River Basins Interagency Committee following promulgation of fiscal policy with respect to this investigation by the Bureau of the Budget. Until recently, the service anticipated that the AWR report would present a general plan, without accompanying recommendations for project authorizations.

It is now expected, following a recent Presidential directive issued by the Bureau of the Budget, that a substantial number of Corps of Engineers and Bureau of Reclamation projects will be recommended for authorization in the AWR report. Since these projects are to be recommended for authorization, it will be necessary for the service

to conduct detailed studies of each of these projects and determine their effects on fish and wildlife resources in compliance with the act of August 14, 1946 (60 Stat. 1080). These studies should be conducted prior to submission of the AWR report in order that fish and wildlife resources may be given adequate consideration in project plans. The $72,000 increase provided is for this purpose.

Mr. JENSEN. I think you are in the process of making some other basin studies. When are these to be completed?

Mr. DAY. The special studies noted in the estimate are rather well completed. The Arkansas Red and White is proposed to be completed by June 30, 1955. The New England study is due to be completed at the end of June 1955. The Missouri River Basin studies are of a continuing nature because the Bureau of Reclamation and the Corps of Engineers are still working on plans which are not yet firm. Of course, with the corps program and the Bureau of Reclamation program, the Fish and Wildlife is required to keep informed currently of their plans. The studies on the Rogue River in Oregon we hope to have completed also by the end of June 1955.

Aside from these special studies, our regular program of river basin studies is something that must continue, since under the terms of the Coordination Act, the Service is required to make studies and report to the Congress on the fish and wildlife benefits or losses so long as any construction agency is planning or constructing dams. So it is a permanent and continuing program so long as there is construction work going ahead.

Mr. JENSEN. What was your estimated cost for these studies at the outset of this work, and what is now your estimated cost?

Mr. FARLEY. You mean projected into next year? Of course, some of these costs, until the projects become well defined, we are quite at a loss to make an estimate on them.

Mr. JENSEN. I can see it would be difficult, but was an estimate made at the outset?

Mr. DAY. Mr. Chairman, those are just year by year. My recollection is when we started in on the studies on the Missouri River Basin, for instance, about 4 or 5 years ago at which time appropriations were financed through the Reclamation appropriation, Fish and Wildlife appropriation was something like $550,000, and that has been cut down now to I think less than $200,000.

Mr. JENSEN. Of course, it is a continuing thing, these river basin studies, but what I am wondering is when is the end coming? Are we going to keep on? Is it going to be a continuing project that never gets finished?

Mr. DAY. It should continue as long as construction engineers build dams which I predict will continue for a long time. The basic philosophy of the Coordination Act is that the construction agencies must consult with the State fish and game departments, and the Fish and Wildlife Service, to assess the effects on the fish and wildlife resources of the construction of impoundments to prevent losses and to improve fish and wildlife benefits where possible. The fish and wildlife studies must continue so long as any construction continues.

We are also required by the Coordination Act to make investigations and recommendations to the Federal Power Commission.

Mr. FARLEY. I might suggest that in connection with the accumulation of information that goes on, naturally we will have a reservoir

of material in the files that will lessen the initial studies on some of the future projects. As Mr. Day has suggested, there will always be the necessity of funds available to immediately move into new projects on initial stages waiting for the time when funds can be transferred to make them available for the more detailed studies.

I would expect there should be a tapering off of this thing because not all the projects we study become actual operating projects, and we have that information in the files. We have that to fall back on.

Investigation of Resources

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$4,299,448	$4,460,000	$4,027,000
Reimbursements from non-Federal sources	3,861	2,400	1,300
Reimbursements from other accounts	35,370	96,000	90,000
Total available for obligation	4,338,679	4,558,400	4,118,300
Unobligated balance, estimated savings	—55,561		
Obligations incurred	4,283,118	4,558,400	4,118,300

Note.—Reimbursements from non-Federal sources above are from the proceeds of sale of personal property (40 U. S. C. 481 (c)).

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
Direct Obligations			
Appropriated funds:			
1. Research on fish and fisheries	$2,686,099	$2,608,000	$2,389,000
2. Exploration, development, and utilization of fishery resources	1,087,079	1,111,000	1,108,000
3. Research on birds and mammals	470,709	481,000	380,000
4. Research on fish migration over dams		260,000	150,000
Total obligations from appropriated funds	4,243,887	4,460,000	4,027,000
Reimbursements from non-Federal sources:			
5. Replacement of personal property sold	3,861	2,400	1,300
Total direct obligations	4,247,748	4,462,400	4,028,300
Obligations Payable Out of Reimbursements From Other Accounts			
1. Research on fish and fisheries	25,800	85,000	80,000
2. Exploration, development, and utilization of fishery resources	9,284	11,000	10,000
3. Research on birds and mammals	286		
Total obligations payable out of reimbursements from other accounts	35,370	96,000	90,000
Obligations incurred	4,283,118	4,558,400	4,118,300

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Summary of Personal Services			
Total number of permanent positions	607	588	547
Full-time equivalent of all other positions	74	96	71
Average number of all employees	633	651	587
Average salaries and grades:			
General schedule grades:			
Average salary	$4,564	$4,638	$4,670
Average grade	GS–6.6	GS–6.7	GS–6.7
Ungraded positions: Average salary	$4,733	$4,767	$4,725
Personal service obligations:			
Permanent positions	$2,577,204	$2,623,081	$2,489,816
Other positions	222,298	296,171	216,316
Regular pay in excess of 52-week base	10,193	10,887	9,790
Payment above basic rates	62,301	58,102	58,989
Total personal service obligations	2,871,996	2,988,241	2,774,911
Direct Obligations			
Appropriated funds:			
01 Personal services	2,848,368	2,921,711	2,712,491
02 Travel	155,056	165,985	129,799
03 Transportation of things	23,535	28,769	19,536
04 Communication services	40,430	47,575	116,124
05 Rents and utility services	53,334	55,069	52,345
06 Printing and reproduction	55,586	80,929	77,684
07 Other contractual services	338,861	453,629	449,149
08 Supplies and materials	464,779	539,712	382,217
09 Equipment	252,963	157,281	88,573
10 Lands and structures	6,592	10,000	2,000
13 Refunds, awards, and indemnities	94		
15 Taxes and assessments	12,395	11,782	9,524
Subtotal	4,251,993	4,472,442	4,039,442
Deduct charges for quarters and subsistence	8,106	12,442	12,442
Total obligations from appropriated funds	4,243,887	4,460,000	4,027,000
Reimbursements from non-Federal sources:			
09 Equipment	3,861	2,400	1,300
Total direct obligations	4,247,748	4,462,400	4,028,300
Obligations Payable Out of Reimbursements From Other Accounts			
01 Personal services	23,628	66,530	62,420
02 Travel	3,360	10,685	10,050
03 Transportation of things	70	230	215
04 Communication services	321	380	345
05 Rents and utility services	4,438	9,555	8,900
07 Other contractual services	2,163	5,890	5,525
08 Supplies and materials	1,390	2,730	2,545
Total obligations payable out of reimbursements from other accounts	35,370	96,000	90,000
Obligations incurred	4,283,118	4,558,400	4,118,300

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year	$653,603	$609,059	$819,059
Adjustment in obligations of prior years	14,634		
Obligations incurred during the year	4,283,118	4,558,400	4,118,300
	4,951,355	5,167,459	4,937,359
Deduct:			
Reimbursements	39,231	98,400	91,300
Obligated balance carried to certified claims account	1,601		
Unliquidated obligations, end of year	609,059	819,059	646,059
Total expenditures	4,301,464	4,250,000	4,200,000
Expenditures are distributed as follows:			
Out of current authorizations	3,666,354	3,650,000	3,400,000
Out of prior authorizations	635,110	600,000	800,000

Mr. JENSEN. You are asking for a decrease of $433,000 for investigation of resources.

Mr. FARLEY. That decrease will be offset in part by greater use of permanent appropriations, particularly with respect to research on birds. It does not mean a decrease, in that phase of our activity, but a shift in funds to be used.

Mr. JENSEN. The decrease actually, most of it, is because of transfers?

CONTROL OF LAMPREY EEL

Mr. FARLEY. I am reminded by Mr. Gardner that there is a sharp curtailment on the study of the lamprey eel amounting to approximately $200,000 and a reduction of $110,000 in the activity "Research on fish migration over dams."

Mr. JENSEN. I was going to ask you about that.

Mr. FARLEY. There is a sharp curtailment on that. There is a general feeling that this responsibility is not wholly a Federal responsibility and that there should be State cooperation. First of all the Fish and Wildlife investigated and determined an effective means of control. So we are ready to hand over an effective program to anybody that wants to start it, the Federal agencies, State agencies, or the Canadian Government. The present program would continue the existing fish weirs and hope that we can work out some program in which States would contribute partially to, and it is also hoped that a cooperative arrangement can be worked out with the Canadian Government to have them implement control on the Canadian side.

I understand that they have available or expect to have available during the next fiscal year some $300,000 to start actively in getting under way with their program.

Mr. JENSEN. What are the results from what has been done to rid the Great Lakes of sea lamprey?

Mr. FARLEY. The end result is that a means of control, effective control, has been developed, but there is no expectation that under the present equipment and methods an extermination can be effected. Because of the peculiarities of exact temperature requirements and perhaps chemical requirements, the lamprey eel will go up one stream, and avoid the adjacent stream that looks exactly the same. Perhaps the next year the water temperature will be different or perhaps the chemical content is different, so they may go up that stream. Our present information indicates that we will never reach the time when weirs will be justified in all of the streams, but we also have to face the fact that some will escape the devices that we have or more particularly go up into the stream not used previously by the lamprey eel.

The program would have to be based on a continuing plan of control, the requirements for which might lessen for a period of years, and then it would have to be intensified. I suspect it is much like our control work on carp; we can almost eradicate them, but they get back in again, and after a few years we have to go in and start control methods again.

Mr. JENSEN. That is not very encouraging.

Mr. FARLEY. No, sir. I think it is a thing that we have to face rather frankly. I think a rather remarkable job has been done in developing the devices and method to handle the situation.

CONTRIBUTION OF THE FISH INDUSTRY

Mr. JENSEN. In general what efforts have been made to interest the fish industry in contributing to the Bureau's research program?

Mr. FARLEY. Will you comment on that, Mr. Day?

Mr. DAY. You mean the general service program?

Mr. JENSEN. That is right.

Mr. DAY. In the fisheries field the Alaska salmon people have been contributing of their own funds to a program of some $250,000 a year for the Fisheries Research Institute, a research organization that has been carrying on research work. In California the sardine industry assessed itself, at one time it amounted to some $150,000 for the study of the California pilchard or sardine. This was combined with State funds and Federal funds in a joint program.

There has been some general cooperation in the Gulf States where vessels have been loaned for research on shrimp, but by and large the bulk of the research in fisheries has been carried on by the Federal Government. Industry has not participated much. Of course, the State fish and game departments carry on a great deal of research.

FISHERY RESEARCH

Mr. JENSEN. While I was in Hawaii I called on the Fish and Wildlife Service, and they explained some of their work that has been done by the ship we furnished to find the fish runs along the Pacific coast. They seemed to be very optimistic. They have found some of the finest fish runs in that great area. What do you know about it? What has been the information since?

Mr. FARLEY. Do you have any detail on that, Mr. Suomela?

Mr. SUOMELA. No; other than that they have found great populations of the yellowfin tuna eastward of the Hawaiian group. This has been done mainly, I think, through biological research on the relationship of ocean currents and fish, in addition to their experimental fishing which accompanies their research. I have not been too close to it, but it is my understanding that they have been very successful in locating schools of the yellowfin tuna in that particular area.

Mr. JENSEN. We have invested a little money in that enterprise, and I think it would be well if you people would keep in touch with it.

Mr. DAY. I think that that is one of the most successful fishery research programs that has ever been carried on by any country. It started out on a more extensive scale than now with headquarters in Honolulu. At one time we had three vessels. We laid up one vessel. Those vessels have been working south about 1,000 miles to the Equator. They have been making soundings and measurements of water currents and the number of small food fishes or plankton.

They discovered a very rich band of food for tunas about 100 miles north of the Equator. Their explorations have indicated that that band probably runs from Central America close to Japan, very rich tuna grounds. It was unknown before. No one knew where tuna spawned.

A great deal of the life history has been discovered. These tuna grounds are known now where 3 or 4 years ago it was conjectural. The great difficulty as far as the American tuna industry is concerned is that it is so far away that they have not as yet been able to capitalize on this research.

Another difficulty has been that tuna along the west coast of Central and South America are caught differently than on the high seas. The fishing boats come in close to shore and gather the small fishes such as herring and sardine. They have to carry those in live tanks and throw them over the boat for luring or chumming, and then they catch them by hook and line. That is impossible in the Pacific because there is no similar source of the bait fishes which grow in shallow coastal waters. So our people have had to develop new methods. They have improved the Japanese long-line technique using sometimes miles of line, and are now making excellent catches. Methods are being developed with which to exploit these rich resources.

So the research there has done one of the most outstanding jobs that I know about in the entire biological field. We have the information, we know that there are vast resources in the Pacific Ocean, and it is a question now as to when American industry will expand that far to the westward to take advantage of it.

Mr. FARLEY. I am told that some of those catches are of phenomenally big fish instead of the small ones. There are also some requests from industry that we go less far in our research to the westward, where, because of less expensive labor some of the methods of fishing are only usable where labor costs are low, and some of this type of fishing does not seem to be particularly adaptable to our fishing.

One of the reasons why this appropriation request has been decreased was to shift some of that effort up into the Northeast Pacific and correlate it with the treaty between Canada and Japan and the United States.

Mr. LEWIS. If I may inject myself into this? I understand that one of the difficulties that has arisen that was touched on is the fact that this long-line fishing economically speaking has not been developed to the place where it is profitable from the point of view of American fishing. Our labor is entirely too expensive. The Japanese can do that and do it very successfully. Anyone can do it very successfully, but I mean the dollars involved in employment and facilities on ships and the like make it possible for the Japs to do it while we cannot.

I believe there has been some further research in connection with that in line with the bait itself. That may have been, and you can correct me on this if I am wrong, that may have been an attempt to develop an artificial bait so that we could go back and do this deep-sea fishing as we do closer into shore. But they as yet have not been successful.

FISHERY MARKET NEWS

Mr. JENSEN. Has any consideration been given to means of making the Fishery Market News Service self-sustaining?

Mr. FARLEY. That I am told has been considered off and on for a great many years. Each time, I am also told, it has been abandoned largely because the Government furnishes so many similar services for the other segments of industry without charge, and perhaps it would be unfair to single out this activity in fisheries and charge for the service.

Mr. LEWIS. In my office we have had that under consideration, and we have run into exactly that because of the agricultural information that is handed out, and it is quite a difficult problem. We did want to see if we could not, in our enthusiasm, make it self-sustaining but it will have to be on a broader scope than one department.

Mr. JENSEN. The facts are that the fishing industry feels that they are entitled to free marketing news as well as the farmer is entitled to free farm news.

Mr. LEWIS. We have had some difficulty this year because Agriculture had some funds with which they could send people to FOA meetings while Fish and Wildlife has not been able to do that.

COOPERATIVE WILDLIFE RESEARCH UNITS

Mr. JENSEN. How much do the Wildlife Management Institute and the land-grant colleges contribute to the support of wildlife research?

Mr. FARLEY. Is that about $20,000?

Mr. DAY. Around $1,000 a unit, and we have 17 units operating.

Mr. FARLEY. About $17,000. It is a very important amount because there are no involved administrative details in accounting for that added $1,000 for each unit, and it permits more freedom in some activities. We are told by the State cooperators that that $1,000 is the most important amount that they have with which to make the purchase of minor equipment, and payment of expenses over and above the minimum. In some States, for instance, they have a $3 per diem which would almost preclude work in the field.

Mr. JENSEN. Do you think the States are doing their fair share in this activity?

Mr. FARLEY. Yes, sir; the States and the land-grant colleges. First of all, I think one of the big features of that project is that it brings together these agencies on study programs. I am quite sure that in these years when it has been hard to get trained workers we would have been at a complete loss to get trained people if it had not been for this program. I think it is one of the least expensive and one of the most beneficial activities that we have.

CONSTRUCTION

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$673,800	$435,600	$300,000
Prior year balance available	829,302	620,418	
Reimbursements from non-Federal sources	872		
Reimbursements from other accounts	429,500	3,700	
Total available for obligation	1,933,474	1,059,718	300,000
Balance available in subsequent year	−620,418		
Obligations incurred	1,313,056	1,059,718	300,000

NOTE.—Reimbursements from non-Federal sources above are from the proceeds of sale of personal property (40 U. S. C. 481 (c)).

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
Direct Obligations			
Appropriated funds:			
1. Fish facilities	$645,298	$545,655	$225,000
2. Wildlife facilities	237,386	510,363	75,000
Total obligations from appropriated funds	882,684	1,056,018	300,000
Reimbursements from non-Federal sources:			
3. Replacement of personal property sold	872		
Total direct obligations	883,556	1,056,018	300,000
Obligations Payable Out of Reimbursements From Other Accounts			
1. Fish facilities	45,650	3,200	
2. Wildlife facilities	383,850	500	
Total obligations payable out of reimbursements from other accounts	429,500	3,700	
Obligations incurred	1,313,056	1,059,718	300,000

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Summary of Personal Services			
Total number of permanent positions	19	8	4
Full-time equivalent of all other positions	64	25	4
Average number of all employees	80	33	8
Average salaries and grades:			
General schedule grades:			
Average salary	$4,564	$4,638	$4,670
Average grade	GS–6.6	GS–6.7	GS–6.7
Personal service obligations:			
Permanent positions	$87,408	$46,742	$20,402
Other positions	190,803	76,011	13,218
Regular pay in excess of 52-week base	328	181	80
Payment above basic rates	9,922	275	125
Total personal service obligations	288,461	123,209	33,825

Obligations by objects—Continued

Object classification	1953 actual	1954 estimate	1955 estimate
Direct Obligations			
Appropriated funds:			
01 Personal services	$216,355	$122,909	$33,825
02 Travel	9,330	3,603	2,000
03 Transportation of things	5,001	2,325	150
04 Communication services	797	525	100
05 Rents and utility services	1,156	575	250
06 Printing and reproduction	1,218	1,025	250
07 Other contractual services	52,262	263,088	17,700
08 Supplies and materials	171,844	99,828	20,200
09 Equipment	61,738	63,312	5,000
10 Lands and structures	361,634	498,703	220,425
15 Taxes and assessments	1,349	125	100
Total obligations from appropriated funds	882,684	1,056,018	300,000
Reimbursements from non-Federal sources:			
09 Equipment	872		
Total direct obligations	883,556	1,056,018	300,000
Obligations Payable Out of Reimbursements From Other Accounts			
01 Personal services	72,106	300	
02 Travel	1,161	2,100	
03 Transportation of things	320		
04 Communication services	227		
06 Printing and reproduction	15		
07 Other contractual services	269,889	1,200	
08 Supplies and materials	95,198	100	
09 Equipment	1,950		
10 Lands and structures	47,842		
15 Taxes and assessments	792		
Total obligations payable out of reimbursements from other accounts	429,500	3,700	
Obligations incurred	1,313,056	1,059,718	300,000

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year	$326,512	$227,118	$383,136
Obligations incurred during the year	1,313,056	1,059,718	300,000
	1,639,568	1,286,836	683,136
Deduct:			
Reimbursements	430,372	3,700	
Unliquidated obligations, end of year	227,118	383,136	103,136
Total expenditures	982,078	900,000	580,000
Expenditures are distributed as follows:			
Out of current authorizations	982,078	200,000	200,000
Out of prior authorizations		700,000	380,000

Mr. JENSEN. For construction, you are asking for $300,000, a decrease of $135,000 as compared to last year. Is that due to the fact that a considerable portion of the construction has already been completed, or are you cutting back?

Mr. FARLEY. It is a slowing up of the construction program to fit the requirements of pulling in the belt. In other words, we are trying to defer the things that we think are less essential.

Mr. JENSEN. In what respect?

Mr. FARLEY. We eliminated some projects for housing, for instance, and warehouse construction and things of that kind which are desirable but we can defer for another year when perhaps more money can be available. These seem to be the minimum requirements to maintain our position.

Mr. JENSEN. You are not reducing construction and rehabilitation of hatcheries?

Mr. FARLEY. We are continuing construction of two hatcheries.

Mr. JENSEN. I believe, generally speaking, that money spent for hatcheries is money well spent.

Mr. FARLEY. It is certainly one of the most popular activities.

Mr. JENSEN. The amount of money we spent for hatcheries is possibly of greater value to the American people generally in the way of giving more adequate fishing and consequently more food for the dollar of expended funds than most anything that I can think of. This committee has always been quite liberal in appropriating reasonable amounts for construction, rehabilitation, and improvement of hatcheries.

I do not believe the committee would look with much favor upon a program that would not carry on in a proper manner the continuation of adequate fish hatcheries.

Mr. FARLEY. We carry, sir, a $225,000 item as compared to last year, $283,000. It is a decrease but slight.

Mr. LEWIS. I might say that as an overall policy with respect to construction as compared to maintenance, we have attempted this year in order to bring ourselves within the limitations to put more emphasis on good maintenance, particularly inasmuch as maintenance had been neglected as it naturally would be during the war period and has not by any manner of means in most bureaus caught up.

So we have looked at maintenance with considerably more favor than construction on the theory that certainly what we have should be protected and made as useful as possible rather than to go ahead and create a new burden.

Mr. JENSEN. Fine.

Mr. FARLEY. May I say, Mr. Chairman, that the Frankfort, Ky., hatchery will require $131,000 to complete. The Craig Brook hatchery had a storm disaster there, and we are putting, or would like to put, $94,000 there to complete it. So those two projects would be rounded out.

Mr. JENSEN. What is the Frankfort, Ky., hatchery going to cost when completed?

Mr. DAY. Total cost is estimated at $381,000. If this appropriation goes through it will leave only $27,000 to complete it next year. The amount that was budgeted for this year will give us a complete operating unit. The funds for next year are largely for riprapping the embankments, some water supply and some additional equipment for surfacing of roads. So by the end of fiscal 1955, Frankfort will be in good shape, lacking some of the refinements that will be necessary the following year.

Mr. JENSEN. I see you have 2 sets of quarters and garages to cost $32,000. Are two sets of quarters necessary? I presume they are living quarters.

Mr. FARLEY. I presume that is correct, sir. Most of these hatcheries are sufficiently far away from residential areas, so that quarters are necessary adjacent to the hatchery.

Mr. DAY. That is the case in the Frankfort situation.

Mr. JENSEN. Will you refer to the breakdown on page 80 of the justifications and explain why such large residences are needed?

Mr. FARLEY. Speaking of the Bethel, Alaska, item?

Mr. JENSEN. Yes.

Mr. FARLEY. That is a startling item to those in our service. The construction costs there were just out of line with anything we have down in the States, and we have just abandoned the program this year for a similar residence in another part of Alaska because it would cost more than our available funds.

Mr. JENSEN. I see here the sizes of these two houses are 26 by 50 feet. That is a pretty good-sized house.

Mr. FARLEY. I expect that is all on one floor, sir.

Mr. JENSEN. I presume it is, but even on one floor that is a big house. There must be about 4 or 5 bedrooms.

Mr. FARLEY. It is a six-room-and-bath house.

Mr. JENSEN. They must have a wonderful big living room in it.

Mr. LEWIS. Mr. Chairman, I do not know whether this is the area, but I know there was one area in Alaska where we called for bids on a duplex, and not a large duplex at that, and the figure was $90,000 for the structure. That is what you run into in some of these isolated areas. They have no relationship whatever to anything with which we are familiar. I think that is Bethel, Alaska. Is that the location where the airport is across the river?

Mr. DAY. Yes.

Mr. LEWIS. We made an effort to avoid this because there is an airport across the river, and we went to the Air Corps to see if they could not make some of their buildings available to us. They did not have enough, and they did not want to build any more. So we have tried in this particular instance to avoid this which appears to be a pretty rough expense.

Mr. FARLEY. I might add to that that there are some similar structures that have been built under our own supervision with day labor which would run about $30,000 a unit, and there is under further study, a suggestion that has been made of trying to get some of these knockdown-type houses shipped up there at less expense. All of that will be thoroughly checked up before expenditures are made.

Under past experience this seems to be a reasonable amount.

Mr. FENTON. Where is Bethel, Alaska?

Mr. FARLEY. Bethel is northwest of Anchorage in the interior. The mileage, sir, I cannot give you.

Mr. DAY. I have been in Bethel several times. It is accessible only by air or by a river boat which comes up the Kuskokwim River about once a year. It is in the lower part of the Kuskokwim, and it is one of the most productive wildlife areas in Alaska. The natives live to a great extent on the fur and wildlife products of the land. It is about 2 or 3 hours' flight out of Nome. It is north of Nome, where, as Mr. Lewis told you, we attempted to build a house for personnel with $60,000 Congress had appropriated. It is my recollection we got out bids the first time, which were around $70,000. We rejected those and solicited more. The second was $96,000 because all the material has to be lightered in from boats that anchor out 15 or 20 miles, and it is a very expensive operation.

We have to have in those desolate Arctic areas, almost have to have, two residences so we can have two people work together. Normally we have two men that go together either by plane or by boat because it is rather dangerous for an agent in a heavy tundra arctic section to be out by himself. We normally work them in pairs. We almost have to have two houses at a station.

Incidentally, we had to abandon the Kotzebue station. We did not want to pay $96,000, so we have had to abandon that station which would be responsible for an area perhaps a fourth of Alaska merely because we could not get housing in that section. We patrol it out of Fairbanks now.

Mr. BUDGE. There are two items that I would like to have placed in the record. One is a summary of the recommendations of this field team study which has been referred to, and what effect, if any, it will have upon the budget.

Mr. LEWIS. Mr. Chairman, the committee understands that this study has not as yet been made, but it will be made available immediately upon completion. Before you came in, Mr. Budge, I explained that study was going to get under way.

Mr. BUDGE. If it has not been furnished by the time the record is prepared it can be submitted to the committee later.

INCOME AND DISTRIBUTION BY PROGRAMS

The second item I would like to have placed in the record is a tabulation of all income for the Fish and Wildlife Service and where it is expended. I ask unanimous consent.

Mr. JENSEN. Without objection, you will furnish that.

(The information referred to follows:)

Total income available to the Fish and Wildlife Service and distribution by programs, fiscal year 1955

[In dollars]

	Annual				Annual indefinite		Permanent indefinite		
	Management of resources	Investigation of resources	Construction	General administration	Management of resources, 25 percent	Administration of Pribilof Islands	Migratory bird conservation account	Management national wildlife refuges	Federal-aid—fish
1. Administration of fish and game laws	1,484,000				577,000		1,094,750	203,000	
2. Propagation and distribution of food fishes	2,700,000								
3. Mammal and bird reservations	1,000,000				25,000		2,639,872	1,307,446	
4. River basin studies	398,000				25,000		140,000		
5. Control of predatory animals, etc	920,000								
6. Soil and moisture conservation	98,000								
7. Research on fish and fisheries		2,389,000							4,700
8. Exploration, development, and utilization of fish resources		1,108,000							
9. Research on birds and mammals		380,000					145,000		
10. Research on fish migration over dams		150,000							
11. Construction, fish facilities			225,000		6,000				
12. Construction, wildlife facilities			75,000		6,000		918,000		
13. General administration expenses				775,000	48,500		315,000	98,000	25,000
14. Administration of Pribilof Islands						[1] 1,650,000			
15. Federal aid payments to States									3,800,000
16. Administration of Federal aid									162,402
17. Expenses for sales									
18. Lower Columbia River program (operation and maintenance)									
19. Lower Columbia River program (construction)									
20. Payments to counties in lieu of taxes									
21. Available in subsequent years:									
(a) Current year receipts							4,500,000		
(b) Federal aid payments apportioned to States									1,008,396
(c) Other						417,192	1,315		
Total program	6,600,000	4,027,000	300,000	775,000	687,500	2,067,192	9,753,937	1,608,446	5,000,498
Less prior year balances available for this program						−417,192	−5,253,937	−195,446	−1,000,498
Total appropriation	6,600,000	4,027,000	300,000	775,000	687,500	1,650,000	4,500,000	1,413,000	4,000,000

[1] Includes $375,450 to be covered into Treasury as miscellaneous receipts.

Total income available to the Fish and Wildlife Service and distribution by programs, fiscal year 1955—Continued

[In dollars]

	Permanent indefinite			Transferred funds				Total
	Federal-aid—wildlife	Expenses for sales	Payments to counties	Removal of surplus agricultural commodities	Operation and maintenance Corps of Engineers	Construction Corps of Engineers	Miscellaneous transfer of funds	
1. Administration of fish and game laws								3,358,750
2. Propagation and distribution of food fishes								2,700,000
3. Mammal and bird reservations								4,972,318
4. River basin studies							40,000	603,000
5. Control of predatory animals, etc							741	920,741
6. Soil and moisture conservation								98,000
7. Research on fish and fisheries							25,000	2,418,700
8. Exploration, development, and utilization of fish resources				166,250			49,030	1,323,280
9. Research on birds and mammals	235,500						30,000	790,500
10. Research on fish migration over dams								150,000
11. Construction, fish facilities								231,000
12. Construction, wildlife facilities								999,000
13. General administration expenses	83,000			8,750	15,600	20,400		1,389,250
14. Administration of Pribilof Islands								1,650,000
15. Federal aid payments to States	10,320,000							14,120,000
16. Administration of Federal aid	478,850							641,252
17. Expenses for sales		30,000						30,000
18. Lower Columbia River program (operation and maintenance)					1,024,400			1,024,400
19. Lower Columbia River program (construction)						1,339,600		1,339,600
20. Payments to counties in lieu of taxes			471,000					471,000
21. Available in subsequent years:								
(*a*) Current year receipts								4,500,000
(*b*) Federal aid payments apportioned to States	4,795,053							5,803,449
(*c*) Other								418,507
Total program	15,912,403	30,000	471,000	175,000	1,040,000	1,360,000	144,771	49,952,747
Less prior year balances available for this program	−4,912,403							−11,779,476
Total appropriation	11,000,000	30,000	471,000	175,000	1,040,000	1,360,000	144,771	38,173,271

RECEIPTS FROM GRAVEL SALES

Mr. BUDGE. In 1948 and 1949 a gravel deposit was located in the Upper Souris Migratory Refuge, was investigated and tested by the Corps of Engineers and found to contain gravel which was suitable for the concrete construction at Garrison Dam. Arrangements were made by the Corps of Army Engineers to purchase this gravel under a special-use permit of some kind from the Fish and Wildlife Service. The figures which have been given to me reveal that by a sale of 10 cents per ton, the Fish and Wildlife Service has received $1,479,902. What is the statutory authority for that type of transaction?

Mr. DAY. May I answer? I cannot give you the citation at the moment but there is an act of the Congress that provides that all receipts from refuges shall be divided 75 percent to the Federal Treasury and 25 percent to the local county, and that act specifies timber, grazing, gravel, and all products that are surplus to the needs of the refuge. So acting under the mandate of the Congress, the sale of the gravel was made even though it was to another Federal agency. In fact the Comptroller General ruled that this action was proper (see 29 Comp. Gen. 460).

Mr. BUDGE. You have no obligation to the local county unless you sell something. Do you have statutory authority to dispose of the gravel in this manner? I would like you to furnish for the record the citation of the statutory authority under which this has been done.

Mr. DAY. We would be glad to do that because the act specifically mentions sand and gravel. The citation is 16 United States Code 715s.

Mr. BUDGE. What happened to the almost $1½ million that was received? Where does it go?

Mr. DAY. Twenty-five percent went to the local county, and 75 percent went into the Federal Treasury.

Mr. BUDGE. To what account in the Federal Treasury?

Mr. DAY. A special account on receipts from the sale of surplus products from refuges.

Mr. BUDGE. Was it ever expended by the Fish and Wildlife Service?

Mr. DAY. In recent years, the last 4 or 5 years, those funds have been made available to the Fish and Wildlife Service for the refuge program. I am not sure about the date of this sale. If it was prior to making the receipts available it went into the Federal Treasury. If it was since then it was given to the Treasury for use of Fish and Wildlife.

Mr. BUDGE. That is why I want a tabulation of income and disbursements. This committee appropriates only a portion of the funds and has apparently little control over where some of the other expenditures are made.

(The following statement was later submitted:)

Beginning with the fiscal year 1949, 75 percent of the net proceeds received under the provisions of section 401 of the act of June 15, 1935 (16 U. S. C. 715s) have been appropriated and made available for refuge maintenance and enforcement of the Migratory Bird Treaty Act of July 3, 1918, as amended.

Receipts from the sale of gravel from the Upper Souris Migratory Refuge to the Corps of Engineers began in the fiscal year 1950 and the total receipts from the sale of gravel at $0.10 per ton for the fiscal years 1950 to 1953 were as follows: Fiscal year 1950, $2,066.58; fiscal year 1951, $30,744.96; fiscal year 1952, $27,314.83; fiscal year 1953, $29,131.29; or a total of $89,257.66 for the 4 fiscal

years in question. Seventy-five percent of the total receipts during this period consequently amounted to $66,942.53, not 1½ million, and it was this amount that has been appropriated and made available to the Service for refuge maintenance and enforcement activities.

PURCHASE OF REAL PROPERTY

Mr. BUDGE. Do you plan to acquire any lands or other real property from appropriated funds or from any other funds during this fiscal year?

Mr. FARLEY. There will be some purchases from duck stamp funds. I do not recall any out of annual appropriations.

Mr. BUDGE. You do not show anything out of the appropriated funds.

I also ask, Mr. Chairman, that the Fish and Wildlife Service furnish a statement as to just what real property it intends to purchase from any funds in fiscal 1955 and I would also like to include water rights.

Mr. JENSEN. Without objection.

(The information referred to follows:)

LAND PURCHASE PROGRAM FOR FISCAL YEARS 1954, 1955

The Fish and Wildlife Service, in its land purchase program, is endeavoring to complete refuge units which have been in process of acquisition for a number of years. The land acquisition program since its inception in 1929 has always involved more refuges and considerably greater acreage of lands therefor than could possibly be acquired in any 1 year with the funds available. The policy has been to acquire lands based on: First, the urgency for establishing a refuge in a given area; second, the obtaining of options for the free sale of the lands; and third, availability of funds. At the present time, the appraised value of the land needed to complete the refuge system as now in view is approximately $6 million. It is probable that, in order to complete the required chains of national migratory bird refuges, a number of additional refuges strategically located will also have to be acquired.

The funds for the acquisition of these lands come from the sale of duck stamps which must be purchased annually by the migratory bird hunters. Authority for the purchase of the land is in the Migratory Bird Conservation Act of February 18, 1929, as amended. This act provided for the creation of a Migratory Bird Conservation Commission which considers and approves all proposed land purchases prior to the acceptance of options and the entering into contracts with the landowners by the Department of the Interior. This Commission consists of the Secretary of the Interior, Douglas McKay, Chairman; the Secretary of Agriculture, Ezra Taft Benson; the Secretary of Commerce, Sinclair Weeks; Senators Robertson and Bricker; Congressmen Karsten and Andresen; and the head of the wildlife department of the State in which the land is situated.

The land purchase program for the fiscal year 1954 contemplates an expenditure of $1,050,750 on the 13 first priority units listed below. There are presently before the Migratory Bird Conservation Commission 22 cases for which options are in hand for proposed purchases totaling $379,296 in the following units:

Rice Lake, Minn	$8,604	Malheur, Oreg	$11,070
Turnbull, Oreg	1	McKay Creek, Oreg	40,453
Columbia, Wash	151	Missisquoi, Vt	10,500
Laguna Atascosa, Tex	244,572		
Mingo, Mo	1,410	Total	379,296
Shiawassee, Mich	62,535		

The remaining program for the present fiscal year contemplates additional purchases on the first priority units as follows:

Shiawassee, Mich	$150,000	Malheur, Oreg	50,000
Monte Vista, Colo	350,000	Tewaukon, N. Dak	10,000
Columbia, Wash	47,454		
Chassahowitzka, Fla	60,000	Total	671,454
Sanibel, Fla	4,000		

Where options do not materialize on the above first priority units, negotiations are carried forward on the 24 refuges where lands are required which are considered to be in second priority on the basis of urgency for need of the additional lands. Opportunities develop in this priority category when and as the owners decide to sell.

The land purchase program for fiscal year 1955 has been scheduled as follows:

McKay Creek, Oreg	$50,000	Chincoteague, Md	60,000
Shiawassee, Mich	100,000	Okefenokee, Ga	25,000
Monte Vista, Colo	100,000	Sanibel, Fla	10,000
Columbia, Wash	100,000	Laguna Atascosa, Tex	50,000
Salt Marsh, Kans	200,000	Malheur, Oreg	85,000
Missisquoi, Vt	20,000	Tewaukon, N. Dak	43,000
Chassahowitzka, Fla	50,000		
Brigantine, N. J	25,000	Total	918,000

The Fish and Wildlife Service, in its land acquisition work for migratory bird refuge purposes, is following the policy of negotiating for the lands needed to complete the refuges, taking options from landowners only when the landowners are agreeable to sell at the going market price. It is observed that under such a policy the land acquisition program, to move forward, must allow for shifting the purchase work from one project to another in order to take advantage of purchase offers available at current market prices. With a backlog of approximately $6 million worth of land to be acquired in 24 States on 37 units, this has not presented any appreciable problem to the orderly acquisition of desired lands. A land purchase program is definite as to where the lands are needed but such a program is quite nebulous as to when and where purchases will materialize in any one fiscal year.

TRACY PUMPING PLANT

Mr. BUDGE. We have had quite a little comment about the fact that the activities of the construction agencies, meaning primarily the Corps of Engineers and the Bureau of Reclamation, result in additional responsibilities for the Fish and Wildlife Service. It is easy to understand why that is true at the Tracy pumping plant in California.

On the other hand, the Bureau of Reclamation has spent several hundred thousand dollars in attempting to screen out a kind of fish that comes out of the sloughs. Is that being carried on by the Bureau of Reclamation at the request of the Fish and Wildlife Service?

Mr. FARLEY. The delta area is a very rich spawning ground for many species of fish such as a striped bass, shad, and others. These species, in addition to salmon fingerlings migrating from the Sacramento and San Joaquin Rivers, would be drawn into the irrigation system by pumps. There would result a considerable decrease in the number of fish available to the fishery because of the loss of the small fingerlings in this very rich nursery area. The screens at Tracy are intended to bypass these small fingerlings safely. Other resources will be protected from losses because of the power or irrigation program.

Mr. BUDGE. That item is charged to the Bureau of Reclamation. Why should not all of these activities that you have to carry on as a result of the construction activities be charged to the appropriation of the construction agency?

Mr. FARLEY. Things of that kind are. In some cases they are handled by transfer of funds, in some cases by an operation of the agency. That Tracy screening project dates behind my time.

Mr. BUDGE. If you would go down and look at it, you would see it is a ridiculous operation, and it costs the taxpayers several hundred thousand dollars. I am just curious to know whether that is the result of activities of the Fish and Wildlife Service or not.

Mr. FARLEY. It is a joint request. The Fish and Game Commission of California and the Fish and Wildlife Service are carrying out their responsibility.

Mr. BUDGE. The State of California is not contributing anything to the program, is it?

Mr. FARLEY. No, sir; but they have an interest in the fish resource. The striped bass is a very important thing to California. There are other fishes, salmon, shad, catfish, and so forth.

Mr. BUDGE. Is the Bureau of Reclamation doing this work as a result of recommendations of the Fish and Wildlife Service?

Mr. FARLEY. Ours and the State's recommendations, yes, sir. There is a joint study of the problem there.

Mr. BUDGE. The expenditure by the Bureau of Reclamation as of June 30, 1953, for that program which benefits only a limited area wholly within the State of California is $563,689. They estimate it is going to cost the Bureau of Reclamation $4½ million for the program. You should look at it before you continue to require the Bureau to carry on any such function as that.

RESPONSIBILITIES TO OTHER AGENCIES

Now, as I said a moment ago, we have had statements about the activities of the construction agencies, the Corps of the Army Engineers, and the Bureau of Reclamation, causing an added work load for the Fish and Wildlife Service. I note in your general administration funds you take 5.8 percent of the appropriated funds and place it to the account of general administration, but on the substantial moneys that are transferred to you from the Corps of Army Engineers, you only charge 1.53 percent of those funds to general administration. Why is that?

Mr. FARLEY. The information is furnished here that some of these funds are transferred to States to carry on some of the projects, and so do not involve the ordinary administrative operations that would otherwise be necessary. I do not know whether I have fully answered, but that is the reason.

Mr. BUDGE. If you have to do all this work as a result of the activities of the Corps of Army Engineers, if they are going to pay for any of it, they certainly should pay their percentage of the cost of administration, should they not?

Mr. FARLEY. I would want to make certain of the answer. I would expect that that part that we actively administer is charged at the general rate that prevails, but this is lower because of the funds being transmitted directly into State operations so they handle the details of construction.

Mr. DAY. I think I might clarify that a little. The program which we are discussing here is the lower Columbia River fisheries program, which was designed to be shared by the States of Oregon and Washington, and the Fish and Wildlife Service.

Now the Fish and Wildlife appropriation that we actually expend ourselves is a small portion; I think at the present time it is less than one-third of the total. We administer this fund, but make cooperative agreements with the States, and they carry out the construction and operational details. So that we are not actually disbursing and vouchering this fund as we are other appropriations.

Mr. BUDGE. Mr. Day, that is not true as to Army Engineer construction on the Columbia Basin, for example?

Mr. DAY. On the lower Columbia?

Mr. BUDGE. Those are activities that you carry on yourselves; the State does not have anything to do with it.

Mr. DAY. The States of Washington and Oregon.

Mr. BUDGE. Not with your funds?

Mr. DAY. No. These funds that are appropriated to the Corps of Engineers and transferred to the Fish and Wildlife Service. The States of Washington and Oregon have always participated in that fund to a far greater extent than has the Fish and Wildlife Service.

Mr. BUDGE. I hope the Fish and Wildlife Service will take a second look at that because it is bad enough to have all these additional expenditures you are requesting as a result of the activities of the other agency, but on top of that you ought to make them pay as much of your administrative expense as you ask us to appropriate.

Mr. FARLEY. We will, sir.

MEETING WITH UNITED NATIONS FOOD AND AGRICULTURAL ORGANIZATION

Mr. BUDGE. Did the Fish and Wildlife Service participate in a meeting with the United Nations Food and Agricultural Organization at Miami relative to boat design recently?

Mr. DAY. There was a joint conference at Miami of the Southeastern Association, State Association of Fisheries and Southeastern's Association Compact of Fisheries. There was a group of boat designers whose meeting was held at the same time. There were three or four units, organizations that met at Miami at the same time. There were some of our people there.

Mr. BUDGE. How many people went from your agency?

Mr. DAY. I do not know, possibly half a dozen.

Mr. BUDGE. What was the purpose of the boat-design section of the meeting?

Mr. DAY. That was largely, the boat-design section of the meeting, was largely commercial. Our people I do not think had anything to do with it. Some of them sat in part of the time and listened because it was a joint conference of the Southeastern fisheries interests.

Mr. BUDGE. What was the date of that conference?

Mr. DAY. November 16–20, 1953.

Mr. BUDGE. Who approved the travel vouchers?

Mr. FARLEY. I approved those from our office. There was some attendance from the regional office, those in the immediate vicinity.

Mr. BUDGE. The reason I am asking you these questions is the Fish and Wildlife Service has received some editorial comment concerning that conference which is not very flattering.

Mr. FARLEY. Of course, the purpose and the reason for approval was this southeastern association and not because of the boat-design section that you speak of. But the other attendance is a matter of our cooperation with the State agencies.

Mr. BUDGE. This resulted as a news release from the United Nations Food and Agricultural Organization, and it had the representatives of the Fish and Wildlife Service attending the conference on boat design. I do not know exactly what your interest is in boat design.

Mr. FARLEY. We operate boats, sir, in research.

Mr. BUDGE. You operate boats, but I do not believe you are supposed to be in the design business.

HOUSING CONSTRUCTION

I have noticed at the Federal fish hatcheries that I have visited, that the quarters, in line with what the chairman was discussing a few minutes ago, are certainly adequate. I can understand why you perhaps have to build houses in Alaska even if they cost $30,000 apiece because there is no available housing, but is that true of Frankfort, Ky.?

Mr. FARLEY. I am not personally familiar with Frankfort, Ky., but I am told that it is remote and requires housing. As to the adequacy of the housing, you voice a concern which I have already experienced and have had some discussion about, that sometimes it would appear that our construction is of a more permanent and more expensive type than is current in the areas where the construction takes place.

I have in mind out in this great country that Mr. Suomela comes from in Oregon, where timber is the predominant material for construction, because the country is timbered, and yet we find some of our hatchery construction of the brick and concrete type for residences.

The question has been raised. I heard it discussed before I came here, as to its appropriateness. So we have that under consideration for future construction. I have it very much in mind, sir.

Mr. BUDGE. There is no timber in the Hagerman Valley in Idaho, and those buildings there are constructed either out of cinder block or cement block, but they are built to last a long time.

Mr. LEWIS. I live in Arizona, or did, where we use either brick or concrete block, Mr. Budge. I have not looked because I have not had a chance, but for many, many years it was customary to build all Government buildings of frame because we had to ship the lumber from Oregon, I guess.

Mr. BUDGE. Well, even if it is necessary to build $16,000 houses at Frankfort, Ky., which I doubt, I certainly cannot go along with your item here of $2,500 to landscape them; can you?

Mr. FARLEY. I am not acquainted with the detail of that. I assume that that landscaping item went for the entire unit. I think that is the case, but I do not know the details. I think that is the whole landscaping for the whole area.

RELATIONSHIP OF FISHING TO INDUSTRY

Mr. KIRWAN. I notice there was appropriated for the management of Fish and Wildlife in 1950, $6,671,000. I was reading the other day that there will be a gain of 10 million in population in America from 1950 to 1955. Now we are appropriating less money with a gain of 10 million people. Do you think that is good business?

Mr. FARLEY. I am sure it is a very cautious approach; sir.

Mr. KIRWAN. How many men bought fishing licenses last year?

Mr. DAY. 30 million, probably.

Mr. KIRWAN. Perhaps 30 million?

Mr. DAY. I am talking about fishermen as against people who buy the license.

Mr. KIRWAN. I am speaking of people who buy the license because they mean something. They mean good big business. In the district I represent there are 68,000 people and part of their contract to work is that they work 10 straight days after which they get 4 or 5 days off. Many of them, as soon as they complete their work period, are on their way to Canada. We are spending pretty nearly $1 billion of our money in Canada while we are here trying to save a million.

Stop and think of the gas, food, and everything that is bought in Canada by those people going up there, and it runs into the millions. It is pitiful to go into my district and see 2 large reservoirs built by the United States Government. There will be 8,000 fishing there at one time around those reservoirs. You drive around and ask "Catch anything?" The answer is "No." But they all had a gum coat and gum boots bought for about $50, and that makes the fishing industry in America probably a $7 billion or $8 billion industry. One of the rubber company executives told me that if 30 million fishing licenses are sold they will sell 30 million pair of gum boots.

I do not know why we do not go in with at least 3 or 4 times the money that is in the budget. It is only good business. We are not saving money here; we are losing money. Every magazine you pick up you read about muskellunge. I spent some time up there years ago before I ever came to Congress. I was not successful in fishing, but they have more fish than we have. There were times and your agency knows about it, when they sold shad for $1.

In my district there are still some people in Ashtabula County who fertilize their corn with sturgeon. There is not one sturgeon today in Lake Erie. We thought we were saving money. Now look what we are paying. No, this is not saving. It is a big waste and loss of money for the United States Government when only $6 million is requested for the management of Fish and Wildlife. It is a disgrace.

I am not referring to the administration in power; that is not on my mind. In fact, the one that preceded this was not much better. The United States should be spending millions to protect an industry like this because it is a $10 billion- or $15 billion-a-year business. Stop and look at the outboard motors, the gasoline, the tents, everything that goes into the fishing industry, and it is not subsidized by the United States Government. We should at least give them a break and spend a few million dollars on this great country to see that at least the 10 million or more increase in population that will occur between 1950 and 1955 will have some place to catch a fish.

Mr. FARLEY. I think there is, sir, a slight reflection of the increased need outside of our service in the State activities where they have expanded programs, and the States get a direct return from the hunting and fishing in the form of licenses which they use. Of course, the moneys they return to us have no value because it is a direct return. So a large part of our work is encouraging in making available to the State resources which they can capitalize on with their game management activities.

I wish to say that your words sound like music to my ears.

Mr. KIRWAN. There is no State that contributes to fish and wildlife what they should. Pennsylvania, a few years ago, saved itself from destruction when it was down to its lowest ebb by restocking with deer and bear, and look at the millions of dollars that have been returned.

Hunters come into Pennsylvania shooting bear and deer, and hundreds of millions of dollars come in each year.

I remember coming to Congress in 1938 when Governor Earle had the courage to build the Pennsylvania Turnpike. The first thing I saw as I crossed the Pennsylvania border was a billboard which said "Earle's Folly." It was going to break the taxpayer, the Pennsylvania taxpayer. That is what was on the billboard.

Now in every State it is a race as to who is going to build a turnpike first. That is the same with this. We do not know anything until we get into an emergency or crisis, and then we spend 10 times what we spend now. I again say that $6 million is nothing to spend on America for fish and wildlife—that is, by the Federal Government; I am not speaking of the State and local authorities.

It is a shame to find, when you drive along those lakes and ask the fellow whether he has caught anything, and he says "Nothing." They have a pail, pole, bait, hooks, and everything. They have everything but the fish. There is nobody responsible for it but this committee.

TYPES OF FUNDS AVAILABLE FOR EXPENDITURE

Mr. NORRELL. As I understand it, you have two funds for expenditures. One is the continuing fund. That consists of what you collect and spend which we are not called upon to appropriate each year. The other is the annual appropriation. Does that constitute your total expenditures?

Mr. FARLEY. Plus the transfer of funds that were mentioned from the Engineer Corps and Reclamation on the irrigation and power projects.

Mr. NORRELL. Those three would be all; is that correct?

Mr. FARLEY. In general; yes, sir.

Mr. NORRELL. Can you state for the record the total money you spend; that is, all of the money you spend that we do not have to make appropriations for?

Mr. FARLEY. Those moneys consist of the migratory duck stamp money currently estimated at $4,590,000 and estimated for next year at $4,500,000. Then we have the Dingell-Johnson tax on fishing gear, $4,566,615 estimated this year, and $4 million for next year. The tax on the arms and ammunition is estimated this year as $12,147,554 and estimated next year at $11 million.

Then from refuge receipts, grazing and so on, $1,412,839 estimated for this year and approximately the same, $1,413,000 for next year.

Mr. NORRELL. Now do you have the total of those?

Mr. FARLEY. The total of those funds for the current year would be $22,707,000 and estimated next year, $20,913,000.

Mr. NORRELL. Next year how much transferred money do you plan on spending?

Mr. FARLEY. It is estimated at $2,280,000.

Mr. NORRELL. Your requested appropriation for this year is $11,700,000.

Mr. FARLEY. There is one other item, the Pribilof seal item, that needs to be added to this.

Mr. NORRELL. Approximately, what will the total of those funds run next year according to your estimates?

Mr. FARLEY. $38,173,271, our estimate.

Mr. NORRELL. Do you have a breakdown of what money the States are spending on an annual basis?

Mr. FARLEY. No, sir. I can secure some fairly recent data for you.

Mr. NORRELL. In addition to that, do not the counties and cities and various other organizations spend money along this line also?

Mr. FARLEY. Yes, sir.

Mr. NORRELL. Do you have any idea what the total overall amount would be that might be expended for this kind of work in the year by the Government, the several States and municipalities?

Mr. FARLEY. I have no such figure in mind. I have seen such tabulations over the past years. We can secure some fairly current information on that, sir.

Mr. NORRELL. You are going to spend $38 million plus this year according to your estimates?

Mr. FARLEY. $38 million, yes, sir.

Mr. NORRELL. What part of that money comes from taxes and what part comes from services rendered or goods sold or money you collect in any other ways? I am trying to find out now the actual amount of money you may spend that will come out of taxation, not for a license to hunt or fish, but actually the amount that might come from the public Treasury out of tax-collected money.

Mr. FARLEY. I assume then that that means moneys that this committee will approve as annual appropriations. That would be the $11,700,000. There is, of course, the tax on fishing and hunting gear, and that comes to us. That is a tax paid by individual fishermen and hunters. Out of direct taxation, if I understand you correctly, sir, it would be this $11,702,000.

Mr. DAY. The balance, however, comes largely from individuals who benefit from the expenditure. For example, the duck stamp was only very recently increased from $1 to $2 each as a result of insistence from the people who enjoy waterfowl.

Mr. NORRELL. I do not understand that that is a tax.

Mr. DAY. That is more in the form of a license. The large amounts coming from the sale of arms and ammunition and fishing tackle were earmarked for this purpose at the insistence of the sportmen's organizations throughout the country at a time when the taxes were about to be discontinued. They were excise taxes that were about to be lifted, and the sportmen's groups said that instead the Congress should keep them on those items for the benefit of fishing and hunting. So the great bulk of this is revenues which come from the sportsmen themselves, individuals who want to participate in the out of doors.

Mr. NORRELL. That is the point I was trying to build up here in the record, that most of this money does not come from actual taxation, at least a large part of it does not. You might want to insert a table. I wish you would show a breakdown of the money, the total that you spend from all sources, whether it comes from taxes or licenses or what-not.

Mr. FARLEY. It is approximately 30 percent from the tax.

Mr. JENSEN. Mr. Norrell, I have already asked for such a tabulation.

Mr. NORRELL. You have?

Mr. JENSEN. Yes, but I am glad you thought about it because it shows the interest that the committee has in getting a picture of this whole program.

Mr. DAY. About two-thirds of the total fish and wildlife program comes from the people themselves who voluntarily made these funds available for this purpose rather than from the general tax.

NIMBUS DAM FISH RUN

Mr. FENTON. Congressman Budge talked about one of the facilities that we visited on our recent trip, the matter of the Tracy pumping plant. During the committee's inspection of Central Valley project in California, the Department of the Interior is planning to submit a supplemental request for 1954 to begin construction of a fish hatchery below the Nimbus Dam and powerplant on the lower American River.

It is the contention of Fish and Wildlife Service that this hatchery is necessary in order to preserve the salmon which would commonly have spawned between the Nimbus powerplant and the Folsom Dam. Their best estimates appear to be that 70 percent of spawning on the American River took place between these two structures. A prolonged controversy between the conservation engineer of the Bureau and the regional office, the Fish and Wildlife Service and the State people, has delayed a decision on how the fish run should be handled in this section of the river.

In the meantime Nimbus Dam has been almost completed. It will be necessary to delay concreting one section of the spillway in order to provide a bypass for the fish until other measures can be provided for preserving the run.

Now from the information we gather there is little excuse for having such a long delay in finding a solution to this problem. In addition the committee was given information to the effect that there is still no definite agreement among the interested parties with respect to the need for an investment in a hatchery at this point.

An alternative which was considered and is still favored by the Reclamation Bureau is to construct and improve river bed ripples below the dam in order to create substitute spawning areas. The estimated cost of that alternative would be roughly $450,000 as an initial outlay and $25,000 as an annual maintenance cost. The initial outlay on the hatchery would be between $870,000 and $1,010,000, depending on the percentage of fish normally spawning above Nimbus that are to be accommodated.

The annual cost of maintenance of the hatchery would be $50,000. What is the status of this at the present time?

Mr. FARLEY. It happens to be one of the areas that I am quite thoroughly familiar with, sir. One of the reasons for the delay, the appropriation for that particular structure did not carry the usual provisions for study of fish and wildlife problems created by it. So there was not the preliminary study that normally comes with the construction.

Another delaying factor was that there is a requirement that such remedies be acceptable both by the Fish and Wildlife Service and the State involved, and the State of California initially insisted, as I am recalling it, that a hatchery capable of producing 50 million fish

be constructed, and our feeling was that 30 million fish would be sufficient.

Then coupled with those delays came an actual construction accomplishment ahead of schedule, so we met the situation that you comment on here. I think the whole thing is under control, there is agreement in the Reclamation Service and the State of California and our Service on temporary fish ladders, wooden structures, permitting the fish to go up through the one section that has not been poured, and that will take care of this year's spawning run.

Next year temporary facilities will be made available to gather the fish and take care of them on the land adjacent, and there is no disagreement either with the Reclamation Service or the State of California or the Fish and Wildlife Service on a program of the type that you mention except geared to an initial 30 million egg production instead of the 50 million that was originally thought necessary by the State of California. So I do not think there remains any problem there except the problem of delay in completing the dam, which of course is an annoying thing.

Mr. FENTON. Do you contemplate building a hatchery?

Mr. FARLEY. Yes, sir. The initial construction will contemplate facilities out in the open, screened as necessary, so we can get started promptly at it. There was some thought given to a deficiency appropriation to cover that.

Mr. JENSEN. If there is nothing else, that concludes the hearing, gentlemen. Thank you very much.

ADMINISTRATION OF PRIBILOF ISLANDS

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$1,995,698	$1,995,731	$1,650,000
Prior year balance available	325,941	511,861	417,192
Reimbursements from other accounts	12,541	16,408	14,000
Total available for obligation	2,334,180	2,524,000	2,081,192
Balance available in subsequent year	−511,861	−417,192	−417,192
Unobligated balance covered into Treasury as miscellaneous receipts			−375,450
Obligations incurred	1,822,319	2,106,808	1,288,550

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
Direct Obligations			
Administration of Pribilof Islands	$1,809,778	$2,090,400	$1,274,550
Obligations Payable Out of Reimbursements From Other Accounts			
Administration of Pribilof Islands	12,541	16,408	14,000
Obligations incurred	1,822,319	2,106,808	1,288,550

Obligations by activities

Object classification	1953 actual	1954 estimate	1955 estimate
Summary of Personal Services			
Total number of permanent positions	59	57	57
Full-time equivalent of all other positions	120	154	181
Average number of all employees	169	207	228
Average salaries and grades:			
General schedule grades:			
Average salary	$4,564	$4,638	$4,670
Average grade	GS–6.6	GS–6.7	GS–6.7
Crafts, protective, and custodial grades:			
Average salary	$3,267	$3,311	$3,340
Average grade	CPC–4.9	CPC–5.0	CPC–4.9
Ungraded positions: Average salary	$4,733	$4,767	$4,725
Personal service obligations:			
Permanent positions	$224,078	$225,643	$222,034
Other positions	358,887	461,815	542,480
Regular pay in excess of 52-week base	895	924	944
Payment above basic rates	46,219	54,001	54,550
Other payments for personal services		15,000	15,000
Total personal service obligations	630,079	757,383	835,008
Direct Obligations			
01 Personal services	627,226	753,647	832,728
02 Travel	17,711	13,650	14,150
03 Transportation of things	25,182	65,700	54,200
04 Communication services	989	1,100	1,100
05 Rents and utility services	5,875	3,200	3,200
06 Printing and reproduction	1,730	1,550	1,550
07 Other contractual services	112,553	51,350	21,350
08 Supplies and materials	433,702	437,435	361,935
09 Equipment	122,126	81,715	38,800
10 Lands and structures	495,715	730,000	
15 Taxes and assessments	2,298	2,232	2,317
Subtotal	1,845,107	2,141,579	1,331,330
Deduct charges for quarters and subsistence	35,329	51,179	56,780
Total direct obligations	1,809,778	2,090,400	1,274,550
Obligations Payable Out of Reimbursements From Other Accounts			
01 Personal services	2,853	3,736	2,280
05 Rents and utility services	4,000	4,000	4,000
07 Other contractual services	5,688	8,672	7,720
Total obligations payable out of reimbursements from other accounts	12,541	16,408	14,000
Obligations incurred	1,822,319	2,106,808	1,288,550

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year	$309,115	$760,183	$1,375,583
Obligations incurred during the year	1,822,319	2,106,808	1,288,550
	2,131,434	2,866,991	2,664,133
Deduct:			
Reimbursements	12,541	16,408	14,000
Unliquidated obligations, end of year	760,183	1,375,583	1,340,133
Total expenditures	1,358,710	1,475,000	1,310,000
Expenditures are distributed as follows:			
Out of current authorizations	1,358,710	675,000	510,000
Out of prior authorizations		800,000	800,000

PROGRAM AND PERFORMANCE

Part of the proceeds from sales of fur sealskins and other wildlife products of the Pribilof Islands is used for such purposes as (*a*) management of the Alaska fur-seal herd and protection of walruses and sea lions; (*b*) furnishing food, schooling, medical attention, and other necessities of life to some 560 natives of the islands; (*c*) operation of a byproducts plant for utilizing fur-seal carcasses; (*d*) maintenance of buildings and roads; and (*e*) maintenance and operation of a supply vessel (64 Stat. 1071).

TUESDAY, JANUARY 26, 1954.

FEDERAL COAL MINE SAFETY BOARD OF REVIEW

WITNESSES

EDWARD STEIDLE, CHAIRMAN
TROY L. BACK, EXECUTIVE SECRETARY
JOHN S. FORSYTHE, GENERAL COUNSEL

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$20,000	$80,000	$75,000
Unobligated balance, estimated savings	−7,249		
Obligations incurred	12,751	80,000	75,000

Obligations by activities

Hearing of appeals from orders of Federal coal mine inspectors:

1953	$12,751
1954	80,000
1955	75,000

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Total number of permanent positions	6	5	5
Full-time equivalent of all other positions		1	1
Average number of all employees	1	6	6
Average salaries and grades:			
General schedule grades:			
Average salary	$6,683	$7,145	$7,311
Average grade	GS-9.8	GS-10.4	GS-10.4
01 Personal services:			
Permanent positions	$9,001	$35,725	$36,555
Other positions	1,950	18,000	18,000
Regular pay in excess of 52-week base		138	140
Payment above basic rates		30	30
Other payments for personal services	460		
Total personal services	11,411	53,893	54,725
02 Travel	680	11,000	10,000
03 Transportation of things		50	50
04 Communication services	288	2,748	2,000
05 Rents and utility services		1,500	516
06 Printing and reproduction	30	1,400	1,000
07 Other contractual services	20	6,500	4,000
08 Supplies and materials	272	1,744	1,544
09 Equipment	30	1,000	1,000
15 Taxes and assessments	20	165	165
Obligations incurred	12,751	80,000	75,000

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year		$4,881	$7,881
Obligations incurred during the year	$12,751	80,000	75,000
	12,751	84,881	82,881
Deduct unliquidated obligations, end of year	4,881	7,881	7,881
Total expenditures	7,870	77,000	75,000
Expenditures are distributed as follows:			
Out of current authorizations	7,870	72,119	67,500
Out of prior authorizations		4,881	7,500

Mr. FENTON. Mr. Chairman, gentlemen, we have with us this morning some members of the Federal Coal Mine Safety Board of Review. We have present here Dr. Steidle, dean emeritus, College of Mineral Industries, Pennsylvania State University, who I understand is the new Chairman of the Board.

This is Dean Steidle's first appearance before this committee and we want you to feel right at home, Dean. You are representing the Federal Coal Mine Safety Board of Review, in order to justify your request for an appropriation of $75,000 for the coming fiscal year.

Mr. Steidle, do you have a prepared statement?

Mr. STEIDLE. Yes, Dr. Fenton.

GENERAL STATEMENT

Mr. Chairman, and gentlemen of the committee, we are presenting for your consideration a request for $75,000 for fiscal year 1955. This amount is 11.8 percent less than the $85,000 approved by this committee last year and 6.25 percent below the $80,000 actually appropriated by the Congress.

The Federal Coal Mine Safety Board of Review was created by and is operating under the Federal Coal Mine Safety Act, Public Law 552, 82d Congress. The Board operates completely independent of any other Federal department or agency. It is one of the smallest independent entities in the Government, having a full-time staff of only five employees.

The Board itself is composed of three members who are paid only when actually employed. The present members are Charles R. Ferguson, safety director, United Mine Workers of America, Washington, D. C., representing the coal-mine workers; Edwin R. Price, manager, coal properties, Inland Steel Co., Wheelwright, Ky., representing the coal-mine operators; and I, Edward Steidle, dean emeritus, College of Mineral Industries, Pennsylvania State University, State College, Pa., serving as chairman. The tripartite nature of the Board is required by section 205 (c) of the act.

The statutory duty of the Board and the procedure under which it operates are in some respects unique among those given to Government agencies. The Board is not authorized to make any investigations or to initiate action, yet it is required by law to be in a position at all times to "immediately * * * fix the time for a prompt hearing * * *" on any appeal filed with it. The sole activity of the Board is the hearing and determination of appeals from orders of Federal coal-

mine inspectors or the Director of the United States Bureau of Mines. The extent of this activity depends entirely upon the wishes of coal-mine operators affected by such orders. This procedure precludes any control by the Board over its workload and makes its volume difficult to estimate to a reasonable degree of accuracy.

The Board will make a sincere effort to carry out its statutory duties at a cost within the $75,000 which we have been permitted to request. If the workload should prove to be greater than is presently anticipated, we, of course, will have no choice but to request permission to ask for additional funds.

It is the information of the Board that during the period July 16, 1952, the effective date of the act, through December 31, 1953, a total of 11,869 violations of title II of the act were observed and 5,780 notices of violations were issued by Federal inspectors. The detection of these violations and the finding of methane gas resulted in the issuance of 256 orders. Of these orders, 40 were pursuant to section 203 (a) of the act, and required the closing of mines or sections of mines where imminent dangers were found; 151 were pursuant to section 203 (c), and required the closing of mines or sections of mines where the operators had failed to abate dangerous conditions within the time specified by the inspectors; and 65 were pursuant to section 203 (d), and required the operators to comply with the provisions of the act pertaining to gassy mines.

As of December 31, 1953, 6 of the 256 orders issued had been appealed to the Board. We do not know how many of these orders are still outstanding and therefore subject to appeal.

At this point we would like to direct a few remarks to the relatively small number of orders which have, to the present time, been appealed to the Board. As I have said, the sole activity of the Board is the hearing and determination of appeals made by coal-mine operators. The Board believes that the principal purpose of permitting review by an administrative body representing the coal-mine workers, the coal-mine operators and the public is to safeguard against possible unreasonable or ill-founded interpretations and decisions by the personnel of the Bureau of Mines. As was pointed out recently by one of the major coal associations:

> The mere existence of the Board and the powers vested in it by Congress to annul orders issued by Federal coal-mine inspectors and the Director of the Bureau of Mines has a strong tendency to keep the administration of the act on a fair and equitable basis.

We believe that the fact that the Board has thus far not handled a great many appeals demonstrates conclusively that the Board has exercised the moral influence necessary to establish and maintain cooperation between the Bureau and the coal mining industry. We further believe that such cooperation has been an important factor in preventing major mine disasters which is the sole intent of the act, and has contributed materially to the record low number of coal miners who lost their lives in our mines during 1953, and the lowest fatality rate ever achieved by our coal mining industry.

In conclusion, I assure you that this Board is anxious to operate as economically as is consistent with the carrying out of its statutory duties. It has worked toward that objective in the past and will continue to do so. A considerable saving has been effected by utilizing the services and facilities of larger agencies wherever possible either on a reimbursable or gratis basis, and we expect to continue this practice.

APPEALS

Mr. FENTON. Thank you, Doctor.

I notice that you have had only a few cases to act on. Have you any idea of the anticipated workload for the coming fiscal year?

Mr. STEIDLE. I stated in the report it was a hard thing to calculate. The Board is relatively new, and it takes a little time to get everyone acquainted with the provisions of the act. I do not know whether Mr. Forsythe can add anything to that or not.

Mr. FORSYTHE. I think, Mr. Chairman, that the whole problem rests in the lap of the coal-mine operators. If they feel that the Bureau of Mines is making interpretations of the statute which are unreasonable or unfair, they will start appealing. If they feel the Bureau of Mines is being fair, they will not appeal. That is something that we have no control over and no way to indicate how many cases we would get. The only thing we do know is there are probably several hundred orders affecting operators in existence and any of those can be appealed, except the gassy classification cases which must be appealed within a given period of time and most of those, of course, have run out. On the other types of orders, they may be appealed at any time and we have no way of knowing what is in the operator's mind.

Mr. STEIDLE. Mr. Back, can you add anything to that?

Mr. BACK. I do not think so. I think he has pretty well covered it.

Mr. FENTON. Those six cases that you have just indicated, were the hearings held in Washington or elsewhere?

Mr. STEIDLE. All held in Washington.

Mr. FENTON. We understand that if these hearings should have to be held in far away places throughout the country, that would probably run your expenditures up.

PERSONNEL AND WORKLOAD

You have five employees working for you. What is the average grade?

Mr. STEIDLE. Mr. Back, you might answer that question, please.

Mr. BACK. The average grade for 1955 will be GS–10.4.

Mr. FENTON. And the average salary would be what?

Mr. BACK. $7,311.

Mr. STEIDLE. You might explain briefly the need for such a high average.

Mr. BACK. We have so few people working there that it is quite possible that at any time that the general counsel and the executive secretary might be on a field trip, if we should have a hearing in the field, one of the girls should be ill and another one out, that would leave the third girl in the office actually in charge there. Since most any person in there could actually be in charge of the office at most any time, we felt like we needed good people in there. And we have two girls in grade 9. They have been in Government service quite a long time, I think about 15 years each, and they are very competent people and they had grade 9 before we hired them.

Mr. FENTON. Among your personnel you have the office of the general counsel, the office of secretary, a secretary——

Mr. BACK. Yes; or administrative assistant is actually her title.

Mr. FENTON. Administrative assistant. And under the office of secretary—that means you, does it not, Mr. Back?

Mr. BACK. That is right; yes, sir.

Mr. FENTON. Not the same secretary you have under the office of general counsel; that is a different one?

Mr. BACK. That is right.

Mr. FORSYTHE. May I interpose there. The secretary is my personal secretary and administrative assistant, the girl who takes all my dictation and does all the research. Being the only attorney, when we have a case, frequently it means a great deal of work in a very short period of time and since I am the only lawyer on the Board, we felt it was necessary to have somebody who was competent to assist in research and do nonlegal work to get my material together for me instead of having a younger lawyer on the staff to do a certain amount of nontechnical work. That is the secretary there. Actually, she is a personal secretary to me. That is what the position is.

Mr. FENTON. The office of secretary. You have an office manager and a clerk-stenographer. The office manager is grade 9; the clerk-stenographer is grade 4. Your job is a full-time job?

Mr. BACK. That is right; yes, sir.

Mr. FENTON. Do you think it is necessary to have an office manager when there are so few people?

Mr. BACK. I might point out that being an independent agency, of course, we have to get together the material for and file all of the reports required by the various Government agencies that any other agency in government has to submit and that is quite a task within itself. Of course, we have to abide by all the rules and regulations that any other Government agency does and it is quite a job keeping up with all those things. We felt that we needed a very good person there to help out.

Mr. FENTON. Do all of the findings of the mine inspectors come to you regardless of orders?

Mr. BACK. No, sir; they do not.

Mr. FENTON. You just get the orders, is that it?

Mr. BACK. The Bureau of Mines sends us a copy of all the orders that are issued. That is all we get from them.

APPEALS

Mr. JENSEN. Will you take one of the cases which has come to your attention and give us an idea of the nature of the case involved and your disposition of same, that is, the Board's decision or disposition?

Mr. FORSYTHE. The latest case we had was the Rebecca Coal Co. case coming up from a mine in Virginia. It involved a question of whether the mine should be classed as a gassy mine or not. Under the statute, the Bureau is authorized to classify a mine as a gassy mine if they find 0.25 percent or more of methane in the mine by air analysis. The problem created by finding a mine a gassy mine is that there are certain things you have to do in a gassy mine that you do not have to do in a nongassy mine, certain precautions you have to take, certain equipment you have to use, extra men have to be employed such as fire boss to make sure you do not have accumulations which will blow the mine up if you have a spark or a light. The operator in

that case appealed to the Board from the finding of the Bureau that he had .26 percent methane gas in the mine. Are you interested in the number of days involved in this hearing?

Mr. JENSEN. Not necessarily.

Mr. FORSYTHE. The appeal came to us. Actually, it came at a time when the Board was not in position to hear an appeal because we did not have an operator's representative at that time. So, at the request of the Rebecca Co. the case was postponed until Dean Steidle was appointed and Mr. Price was appointed and we had a full board. Then the hearing was held. The sole issue in the case was whether or not the gas was present in the mine and whether the gas sample had properly been taken. Under the statute, it must be taken more than 12 inches from the roof face or rib.

Mr. JENSEN. Someone testified for the operator and did someone testify for the miners?

Mr. FORSYTHE. No; the miners under this statute have no direct appeal to the Board. The operators are the only persons having an appeal and all of our cases are adversary proceedings between the Bureau of Mines and the operator.

Mr. JENSEN. What was the outcome of the case?

Mr. FORSYTHE. We reversed the Bureau on that case.

Mr. JENSEN. How many times have you reversed the Bureau in the six cases?

Mr. FORSYTHE. That is the only case.

Mr. JENSEN. That is the only case? The Bureau was sustained in the other five?

Mr. FORSYTHE. In the other five, yes, sir.

Mr. JENSEN. Thank you.

Mr. FORSYTHE. I beg your pardon; that is not quite right. There was one case involving Snow Hill coal case out in Indiana, involving inspection of working places before they used electrical equipment. That is a very involved situation but it came to us on an order closing the mine for refusal to, rather, it was actually an inability to make the inspections because the men had not been trained at that time. The Bureau can tell you their story much better than I can when it comes their turn because I am not sure of all the details but negotiations had been going on for months to get the operators to do this inspection work. You have to know how to use a flame safety lamp in order to do it and that takes a certain amount of training which the Bureau provides. There was a problem of first, I believe, the operators were a little reluctant to do it and also there was some reluctance on the part of the men to be trained. They thought that perhaps fire bosses should be hired to do this special inspection. I am not sure about that. That did not appear in the record anywhere, but seemed to be part of the issues in the case. The appeal came to us and we ended up by reversing the Bureau to the extent that we reopened the mine long enough to get the men trained and then the men did finally agree to be trained and the operators finally agreed to permit them to be trained and the Bureau provided the training and I believe at the present time they are complying with the statute in the Indiana mine, but it was a long struggle.

Mr. JENSEN. Have there been any accidents or explosions in these mines involved in cases before your Board?

Mr. FORSYTHE. No; to the best of my knowledge there has been only one major disaster since this act was passed and that was in one of the Midwestern States and it was in a mine that was operating at that time because a State court injunction had forbidden Federal inspectors to close the mine. They were using black powder which is a violation of the statute. They got a State injunction preventing issuance of the order and I believe on the day the Federal court dissolved the injunction they had an explosion that killed five men. They killed 2 men by the explosion and 3 more were killed trying to rescue them.

Mr. NORRELL. Mr. Chairman, I may repeat here a little but I would like to learn a little something about this. I notice in your justifications on page 4, that 13 mines were closed. What I am trying to get at is, what was the final disposition of these orders? Did they make the corrections required and are now back in operation, or what is the situation?

Mr. FORSYTHE. We only get appeals from the orders when the operator appeals them, Mr. Norrell. We do not know what happens to the order unless they are appealed to us. You see, the Bureau of Mines is the issuing agency. They issue an order ordering the mines to be closed. The operator either complies or closes his mine and appeals to us. We do not know what happens to the orders unless they do appeal. So, in most of these cases I would presume that the operator has complied with the order and reopened his mine or else given up and gone out of business because he cannot operate if the order is out closing his mine. But the Bureau, again, is in a better position to tell you what happens to the orders that are issued.

Mr. NORRELL. In other words, the Bureau of Mines would have to give us the answer to that?

Mr. FORSYTHE. Yes, sir; that is right; that is true.

Mr. FENTON. I believe, as Dean Steidle has said, that the mere fact that we have such a board has a tendency to diminish the number of orders that might be forthcoming.

Mr. STEIDLE. Moral influence, Dr. Fenton.

Mr. FENTON. Is the trend in the number of violations and findings generally up or down?

Mr. BACK. I think, sir, that that could be better answered by the Bureau of Mines than by the board because they have the complete record.

Mr. FENTON. That concludes the hearing. We are glad to have had you with us, and good luck to you.

Mr. STEIDLE. Thank you kindly.

TUESDAY, JANUARY 26, 1954.

BUREAU OF MINES

WITNESSES

FELIX E. WORMSER, ASSISTANT SECRETARY FOR MINERAL RESOURCES
JOHN J. FORBES, DIRECTOR
THOS. H. MILLER, ASSISTANT DIRECTOR
HAROLD J. SLOMAN, ASSISTANT TO THE DIRECTOR
JAMES WESTFIELD, CHIEF, HEALTH AND SAFETY DIVISION
PAUL ZINNER, CHIEF, MINERALS DIVISION
LOUIS C. McCABE, CHIEF, FUELS AND EXPLOSIVES DIVISION
S. H. ASH, CHIEF, SAFETY BRANCH
KENFIELD BAILEY, CHIEF, BUDGET AND FINANCE BRANCH
ELWOOD THOMSON, CHIEF, BUDGET SECTION

Mr. FENTON. We have with us this morning the Bureau of Mines under the leadership of the Director, Mr. John J. Forbes.

Also present is Mr. Felix E. Wormser, Assistant Secretary for Mineral Resources.

As has been the custom of the committee, we would like to ask the Assistant Secretary whether or not he has a preliminary statement to make before we get into the Bureau's activities.

STATEMENT OF THE ASSISTANT SECRETARY

Mr. WORMSER. Mr. Chairman, I do have a very short statement to make. It is to express the regret of the Secretary and my own regret that we are unable at this time to give you a report which the committee requested last year with reference to the reorganization of the Bureau of Mines. The Secretary, when he appeared before your committee a few days ago, brought out the fact that the Department had established management survey teams to look into that very question with regard to all the bureaus and offices of the Department. Unfortunately, this program began a little bit too late to give you the report on the Bureau of Mines. A team has been appointed and they are still hard at work endeavoring to assist us, through this survey, to determine in its judgment, whether the Bureau is doing a good job.

I feel personally it would be a mistake if we were to give you our secretarial office judgment pending the receipt of that report. I would like to ask the indulgence of the committee until that report is prepared and we have a chance to submit it to you so that you will have a chance to study it as well as ourselves. I thought perhaps it might be of interest to the committee, Mr. Chairman, if I inserted in the record the names of the men who constitute the survey team. They are Dr. Curtis L. Wilson as chairman. He is dean of the Missouri School of Mines; Mr. John C. Kinnear, Sr., who was formerly vice president of Kennecott Copper Corp., and is being loaned to us by Arthur Flemming of the ODM. Another member is Mr. Dennis L. McElroy, vice president of the Pittsburgh-Consolidation Coal Co., Pittsburgh; Mr. J. R. Butler, president, Butler Johnson Co., an oil company in Houston, Tex. And the fifth member is Mr. Spencer S. Shannon, Sr., who has had experience not only in coal but in a great

many metals and has been a prominent operator; and also Mr. Henry Caulfield of the technical review staff of our own Department. They are assisted by Mr. George Robinson of the Placement Control Office.

I believe, Mr. Chairman, that at the time the Bureau was reorganized to its present operating practices, it took about 2 years to develop that program. We are trying to get an answer to this question in a matter of months. I think we will have a report for you before very long but I do want to make certain that when we do appear before you with our report it will represent the best judgment that we can possibly procure.

Other than that, Mr. Chairman, I am here to offer the full facilities of our office to help you discharge your serious responsibilities.

That concludes my statement, Mr. Chairman.

Survey Report

Mr. Fenton. I do not know how this committee can function properly without knowing the regional setup in the Bureau of Mines. If there are going to be any changes, why all the delay? The Bureau has known of this situation for several years and has known that we have been vitally interested in the reorganization, particularly in the regional setup. I notice from the complexion of your survey team that there is not one man from the East or from the anthracite area.

Mr. Wormser. Mr. McElroy is vice president of the Pittsburgh—Consolidation Coal Co. and Mr. Spencer Shannon has also had experience—in fact, if anything, the committee is overbalanced in the direction of coal.

Mr. Fenton. I am speaking of coal; anthracite. That is the thing that we are vitally interested in as far as fair play on the regional setup is concerned.

Mr. Wormser. Of course, it has been difficult to set up a committee which would represent every single phase of the mining industry. This committee is empowered to consult and is expected, as a matter of fact, to consult with other people who are also interested in this problem, and I firmly believe they will do so.

Mr. Fenton. You know, Mr. Wormser, as I have often stated, I do not want to bring this to a sectional problem, but up until a few years ago, as far as research is concerned, the Department of the Interior and the Bureau of Mines had never expended 1 nickel on anthracite research. We do feel that representation as far as hard coal is concerned is necessary.

When do you expect to have this report? Will we have it in the next couple of weeks, or will the Senate committee only have time to act on those things and make this committee look like 2 cents in their evaluation of your justifications?

Mr. Wormser. Mr. Chairman, I would hesitate to give you an exact date, knowing from our experience with these surveys that some take longer than we anticipate and that some take a shorter time; but I would like to look upon it as a job that has got to be done thoroughly and I would hesitate to prod them at the sacrifice of a thoroughgoing report.

With reference to your comment about whether it will be done before the Department appears before the Senate committee, frankly, Mr. Chairman, I do not know; but I am confident that there is cer-

tainly no desire on our part to embarrass in any way either the House or the Senate committees. I am terribly sorry that the report simply is not available right now so that you can have it. As a matter of fact, we would like to have it, too; but Mr. Chairman, we did not come into office 2 years ago. I believe you referred to the fact that this matter had been under discussion for several years, but we did not start, at least I did not come into the office until last spring, late in the spring. This whole thought, this whole conception, as a matter of fact, of establishing management survey teams which struck me as an excellent way of getting outside independent judgment, did not materialize until the summer. It has taken quite a bit of time to get properly organized. I can only say I am terribly sorry for the delay and I can only assure you that so far as our position between the Senate and the House is concerned, we just want to work with you to the utmost.

Mr. FENTON. There is no opposition between the Senate and the House committees; do not misunderstand me. But they sometimes have the benefit of the decisions that are made before we get them.

Mr. WORMSER. Perhaps it will not be possible to have the report available before we appear before the Senate. We can give it to both committees jointly at the right time so there will be no, what shall I say, feeling that we are favoring one branch of Congress over the other. I would welcome your views.

Mr. FENTON. When do we expect to mark up the bill?

Mr. JENSEN. The latter part of February.

Would there be a chance that this report would be available to the committee before we mark up in February?

Mr. WORMSER. That would be a month off, a little over a month. I would not count on it, Mr. Chairman, because the committee is still in the field. You see, they are going around to many of our field offices and experiment stations, something that I myself have not been able to do. I tried to get to all of the offices which happened to be in line with my current duties. I am afraid that when they get back here within 2 weeks, I believe it is, it will take them quite a while to sift their findings and to exchange views and possibly to see others. They may want to consult with some anthracite operators. I know they want to consult some people in the chemical industries. I am afraid, Mr. Chairman, the end of February might be a little early.

EFFECT OF REPORT ON BUDGET REQUEST

Mr. JENSEN. It is natural to believe that the report is going to affect this budget request upward or downward. We hope that the reorganization which you anticipate will mean a saving.

You can understand, Mr. Wormser, that this committee will be acting in the dark, so to speak, should we go ahead and mark up the bill without that report. We could go ahead and mark it up and then get in our nickel's worth during the conference with the Senate after the Senate has acted. You are not sure even now that the Senate will have your report before they mark up their bill.

Mr. WORMSER. Precisely.

Mr. JENSEN. The House recommends a figure. We take the bill to the floor and the bill is passed. The Senate committee recommends a figure. They take the bill to the floor and it is passed. The con-

ferees can only operate and make changes in the amounts recommended by the House or the Senate between the figures which the House recommends and the Senate recommends. That is our latitude as conferees.

Because of that, you can readily understand, Mr. Wormser, that you might recommend a figure which would be even lower than either the House or the Senate had recommended. The conferees would be helpless in abiding by your figures and making the savings which your report recommends, if it so recommends. We would look rather silly in the eyes of the public if that were to happen. That is why Congressman Fenton is so concerned about marking up the bill before we get this report.

I wonder if by the time we markup, the latter part of February, that it would not be possible for your investigating committee to give us a tentative idea of what the report will contain?

Mr. WORMSER. That strikes me as a very practical suggestion, Mr. Chairman.

Mr. JENSEN. They certainly will know by that time approximately what they will recommend so far as a reduction in regional offices, for instance, is concerned. A reduction here would naturally bring about a reduction in your personnel request. You would have to wait for the final report of the staff. I find that it generally takes quite some time to have a meeting of the minds of an investigatory body so that they can come out with a report which they can all sign and be unanimous. You are going to have differences of opinion among this body of investigators.

Mr. WORMSER. Undoubtedly.

Mr. JENSEN. But their opinions should not be so far apart that they could not give you and the Congress a rather close estimate of their conclusions. Couldn't you do that?

Mr. WORMSER. I am sure we could do that, Mr. Jensen. Suppose we work to that end.

Mr. JENSEN. I would suggest you do that. I see no other alternative.

Mr. WORMSER. After all, the purpose of the survey was to do two things: To reexamine our setup, to see whether we are functioning efficiently, and then to report the findings to you, sir, so you would have the benefit of their study. If we can short circuit, as you say, some of the involved and lengthy discussions that are necessary to arrive at a conclusion, I should be delighted to do it. I shall so recommend to the Secretary.

Mr. JENSEN. I am sure that no member of this committee or the Senate committee would want you to bring in your final report in any other form than a complete report which would not be rushed through too hastily.

Mr. WORMSER. That is my apprehension, sir.

Mr. JENSEN. I am not going to be party to rushing a report, although I think that they surely should be able to give us a good idea of their conclusions within the next 30 days.

Mr. WORMSER. I think they should certainly be able to give you a preliminary idea of their thinking.

Mr. JENSEN. I believe, Mr. Fenton, that is the best we can do under the circumstances, do you not?

Mr. FENTON. Yes, I think that is right. We do not want to wait for a month or two to get a complete report. We would like to have some of their recommendations so we will know where we are going; that is all I am asking. Maybe they know the answers now. I do not know.

Mr. JENSEN. They may have come to some conclusions by this time. How long have they been at work?

Mr. WORMSER. Director Forbes, do you recall what the calendar is for returning to Washington?

Mr. MILLER. The 10th of February.

Mr. WORMSER. We will have the benefit of being able to sit down with them shortly after the end of next week; but they will have to have a little time to sift their findings and come to some understanding among themselves. It appears that we shall be able to present something to you through this survey team before your markup day. It is rather encouraging to see that that is the schedule right now.

TECHNICAL REVIEW STAFF

Mr. BUDGE. Several times in the last few days I have heard the expression, "a member of our technical review staff." What is that?

Mr. WORMSER. That is a staff, Mr. Budge, which was the outgrowth of a reorganization in the secretarial office which did away with the old programing staff. In other words, we did away with a layer that was rather powerful in the upper echelon of the Interior Department and replaced it with a group of men who are qualified to assist the Assistant Secretaries and the Under Secretary with some of their own problems with reference to the management of the Department. On our survey team we have one member of the technical review staff who is assisting this group, providing information that they may require and always, you might say, be of help to me in keeping abreast of the work which they do.

Mr. BUDGE. Are those individuals new in the Department?

Mr. WORMSER. Some are new, Mr. Budge, and some are former employees of the Department.

Mr. BUDGE. Of course, I am interested in removing that layer. I am just wondering whether that has been accomplished.

Mr. JENSEN. As I see it, since Mr. Budge brought it up, your technical staff are advisers and assistants to the Assistant Secretaries of the Interior.

Mr. WORMSER. I am glad you made that clear because they have no authority for decisions.

(Discussion off the record.)

Mr. FENTON. Now we will have the Director of the Bureau, Mr. Forbes.

Mr. Forbes, do you have a statement to make?

DIRECTOR'S STATEMENT

Mr. FORBES. I have a brief statement, Mr. Chairman and gentlemen of the committee, and I also have a summarized statement which I would prefer putting in the record because I think it will take too long unless you would like me to read it. It highlights the entire budget of the Bureau.

Mr. FENTON. Without objection, that will be done.

Mr. FORBES. Mr. Chairman and gentlemen of the committee, it is a pleasure for me to appear before you with members of the staff of the Bureau of Mines to support the estimates that have been submitted to you for financing the Bureau's activities during the fiscal year 1955. The estimates comprise the respective funds that are necessary to continue the work of the Bureau of Mines in advancing safety and efficiency in the various mineral industries. The prime objectives of the Bureau are to: (1) safeguard the lives and limbs of those who produce the Nation's output of minerals and metals; and (2) conserve the mineral resources with which this Nation has been blessed.

The protection of life and limb depends, in large measure, upon research and investigation to evolve the best safe practices and protective equipment to eliminate or minimize the hazards in the mineral and allied industries. The results of such investigation and research must necessarily be applied through education of the workers and institution of safe practices and conditions to correct hazards observed during inspections and investigations of mines, mills, and processing plants of the mineral industries.

In the broad sense, conservation means extending the life of our mineral resources by utilizing them to the best advantage. Conservation then is dependent upon research and investigation to improve methods of mining, beneficiation processes to improve the raw products, and development of better extractive—smelting and refining—methods to reduce loss of valuable material as waste. Conservation also means the development of processes to give commercial value to mineral deposits now considered uneconomic to mine or process. By so doing, our mineral resources are increased just as new discoveries add to them.

DIRECTION OF BUREAU'S RESEARCH EFFORTS

Since 1939, the Bureau's research efforts have been directed primarily toward a defense or military mobilization economy. Now we hope that the Nation is entering an era of peace and, therefore, the efforts of the Bureau can be reoriented toward a peacetime economy. During World War II and the Korean war, it was necessary for the Bureau to defer the consideration of certain problems that are within the scope of its activities. Deferment was necessary because others were of more immediate urgency with respect to the defense effort. Such deferred problems are of major importance to the Nation's peacetime economy and we expect to attack them now.

METAL-MINING INDUSTRY

The metal-mining industry has been seriously affected by the transition from war to peacetime operation. Whereas a short time ago we were faced with many shortages in the field of metals, now in certain categories we have a surplus of production potential or face problems of foreign competition. Under the defense economy the emphasis was on more production to feed the rapidly expanding industrial machine. The emphasis necessarily shifts now to utiliza-

tion and long-range conservation. We still rely heavily on imports for certain mineral commodities, notably manganese, cobalt, and some of the rarer metals; the Bureau, therefore, should continue its efforts to support a domestic mining industry wherever possible.

COAL-MINING INDUSTRY

Transition from emphasis on defense has been accompanied by depressed conditions in the coal-mining industry. With the exception of coal produced for metallurgical purposes, production has fallen off for virtually every other use of bituminous coal. The economy of the Pennsylvania anthracite region is especially bad because of loss of markets. Production of Pennsylvania anthracite is only about a third of what it was 3 to 4 decades ago. The Bureau is well aware of this situation. We are devoting and will continue to devote considerable effort toward bolstering the condition of both the anthracite and bituminous coal-mining industries. We propose to do this by trying to develop new uses for coal, by devising better mining methods to reduce cost of production, and by improving methods of burning to reduce unit-heating costs to the end of recapturing lost markets, and increasing production and employment.

SAFETY OF MINE EMPLOYEES

Although certain segments of the mining industry are depressed—I do not altogether like the word "depressed"—and working only part time, nevertheless we must not relax our efforts to safeguard the lives and health of the workmen. Constant vigilance is necessary if recent downward trends in the injury rates are to be maintained. Under reduced working time, frequently there is a temptation to "cut corners" in an attempt to reduce expenses. I would like to emphasize this point, too. To avoid disasters and other serious accidents and the distress that follows in the wake of such false economy, we cannot afford to neglect our obligations to prevent accidents and injuries in the mining industry.

BUDGET ESTIMATE

The total budget estimate for the fiscal year 1955 amounts to $20 million; whereas $22,713,180 was appropriated for the fiscal year 1954. The request for the fiscal year 1955 represents a reduction of $2,713,180 for the next fiscal year as compared with the present one. The total estimate of $20 million requested for the fiscal year 1955 is distributed by appropriations as follows:

1. Conservation and development of mineral resources, $13,750,000.
2. Health and safety, $5 million.
3. General administrative expenses, $1,250,000.

As I stated before, I have a prepared statement summarizing some of the important activities covered by the budget estimates of the Bureau of Mines. I think we can save time by including this more or less detailed statement in the record.

Mr. FENTON. Without objection, that will be done.

(The statement referred to follows:)

COAL

Under the "Coal" activity the Bureau will continue to sample and inspect coal mines to obtain information on which awards for Government purchases of coal are based. Bureau personnel will continue to train operating staffs at Federal plant installations and to inspect and sample coal delivered to the plants to insure that specifications are adhered to in accordance with purchase contracts. Research will be conducted on improving methods for upgrading certain substandard coals, particularly with respect to those having metallurgical characteristics, thus increasing the reserves of coals suitable for metallurgical purposes. The Bureau will continue work on improving mining methods because, on the average, one-half of the minable coal is left in the ground by present methods of mining. Such work will increase the coal reserves, particularly in fields nearest present areas of consumption. The Bureau has cooperated with the coal-mining industry in the introduction of new mining machinery to increase the percentage of coal recovery and decrease mining costs. Moreover, the Bureau will continue its research, investigations, and tests on the chemical and physical properties of coal, including preparation, combustion, carbonization, and gasification.

PETROLEUM AND NATURAL GAS

Under the "Petroleum and natural gas" activity the results of the Bureau's studies in the Scurry County, Tex., area have been used by the producers and the Texas Railroad Commission in formulating plans for a pressure-maintenance project. The Bureau has assisted the producers in the deepest water-flooding secondary-recovery operation—Burbank field, Oklahoma—in determining the reasons for bypassing injected water, and has published a series of reports on secondary recovery in the midcontinent fields, which have led to improved operating practices.

For 1955, the Bureau plans to continue to develop technical information that will aid in the most efficient use of the potential energy inherent in the oil-gas mixtures within the underground reservoir rocks to achieve maximum recovery therefrom, improve production methods and operating practices, foster the application of pressure-maintenance in fields where practicable, and advance the use of secondary-recovery methods in the so-called "stripper" fields.

SYNTHETIC LIQUID FUELS

In June 1953, the Bureau began preliminary tests in the newly-completed, demonstration-size, oil-shale retorting plant at Rifle, Colo. The beginning of operation of this plant is a significant advance in oil-shale technology.

Operations at the Government's synthetic liquid fuels demonstration plant at Louisiana, Mo., for producing gasoline and oil from coal were discontinued in May 1953, preparatory to returning the plant to the Department of the Army. Since 1947 this plant had been used to conduct exhaustive demonstration-scale tests on coals from various coal-producing regions of the United States. The tests and studies yielded a wealth of information that will be useful in guiding private industry in designing plants for operating on a commercial basis. The experiments included the production of gasoline from coal by the hydrogenation or direct method, and by the gas-synthesis or indirect method.

During the fiscal year 1955, the Bureau plans to continue its coal-to-oil research program. This program embraces laboratory and pilot plant development of two processes—direct hydrogenation of coal and synthesis of liquid fuels from gasified coal—rather than demonstration scale of operation. It is of the utmost importance to the Government that research and investigation leading to better and cheaper methods of producing oils and liquid fuels synthetically from coal be pursued vigorously. It is vital to the national interest that facilities be available to manufacture in this country products virtually identical with those of natural petroleum if foreign sources of petroleum should be cut off. Such information is of vital interest to the petroleum industry, which logically should take over the production of synthetic liquid fuels and form the foundation for commercial production when domestic petroleum reserves will no longer satisfy the Nation's liquid fuel demands. The Bureau's 1955 gasification program will be directed toward the development of equipment, techniques, and processes for economic conversion of coal into (1) pure hydrogen, (2) mixtures of hydrogen and carbon monoxide, and (3) high heat content pipeline gas.

During the fiscal year 1955, the Bureau will continue its experimental work on oil shale. The primary objective is to develop practical, low-cost processes and equipment for the production of liquid fuels from oil shale, and to provide private industry with the knowledge gained from these operating tests. Important in the work is the production of shale oil and making it available to industrial concerns and private research organizations for research and investigation in their own laboratories and pilot plants, to the end of establishing another source of petroleum products when natural petroleum sources will no longer satisfy the national demand. The vast oil-shale reserves in the Rocky Mountain States provide a potential oil field ready to be tapped when needed.

HELIUM

The objective of the helium research program is to assure an adequate and continuing supply of helium to meet the Nation's requirements by providing basic scientific and technologic information on helium resources, production, purification, storage, transportation, conservation, and utilization.

MINERALS AND METALS

The Bureau of Mines program of technologic and economic research and investigation in the field of minerals and metals is designed to attack the highly diversified problems of producing and utilizing more than 80 mineral commodities. A great deal of thought has been devoted to the development of a balanced program that will achieve maximum effectiveness and economy in meeting our objectives. A multitude of problems confront us but through vigorous effort during the fiscal year 1955 we expect to obtain significant results comparable to our past performance.

Ferrous metals and alloys

While industry has been increasing its capacity for steelmaking, the Bureau of Mines has been seeking means of providing adequate supplies of iron ore to meet the needs of increased capacity. Field and laboratory investigations are planned for the fiscal year 1955 to assure a long-range adequate supply of iron ore from domestic as well as foreign sources. Particular attention will be devoted to low-grade domestic deposits and the development of methods of benefication that will give them commercial value. We also expect to assist the industry and the national economy by research on the physical chemistry of steelmaking and the production of new and improved alloy steels.

Since there is no known practicable substitute for manganese in the commercial production of steel, dry-cell batteries, and certain chemicals, we shall continue our efforts to develop domestic resources of this essential commodity, as well as to devise better means of extraction and attempt to develop satisfactory substitutes for manganese in commercial processes.

Chromium is another metal that is vital to the Nation's industrial economy and the Bureau plans to continue its development of methods for using the low-grade ores of Montana and Cuba.

The problems dealing with ferroalloy metals are diverse. These problems are not new but, as in the past, we hope to develop metallurgical processes and define the resources that will contribute greatly to their solution. In the fiscal year 1955, work on the metallurgy of low-grade tungsten ores will continue, as will investigations designed to increase domestic production of cobalt.

Nonferrous Metals

The light metals—Aluminum, magnesium, and titanium—have continued to achieve increasing stature in our industrial growth. They are, of course, essential for strategic and critical defense uses, such as in the construction of aircraft and wherever strong, lightweight materials are essential. Fortunately, our country contains deposits of almost inexhaustible quantities of such light-metal minerals. It is not hard to envision a time in the future when the depletion of ore reserves of the other commonly-used metals and consequent increase in the costs of their recovery will result in much wider utilization of the light metals.

In fiscal year 1955, the Bureau will concentrate its titanium program on the development of adequate technology. Our research in previous years led to the development of a method of producing titanium, which has such unique and valuable characteristics. As a result, we now have a titanium industry that needs more technical and scientific knowledge to grow and meet the constantly increasing demands for this strong, light, corrosion-resistant metal.

The vital role of aluminum in our economy is well known to all of us but, despite the efforts of the Bureau of Mines and others, two-thirds of the ore needed for our production of aluminum is imported. In an attempt to diversify industry and reduce the vulnerability of this country to possible enemy action, the Bureau should devote determined efforts to developing alternate methods for utilizing domestic low-grade aluminous ores.

Even though magnesium is potentially one of the most abundant and accessible nonferrous metals, the development of its production and alloying technology have been hampered by the inherent properties of magnesium metal. Our activities include the determination of the basic properties of selected magnesium alloys.

Copper, lead, and zinc have long maintained a position of importance in our metal economy. In fiscal year 1955, the Bureau will attempt to conserve our resources by promoting more efficient methods of mining the base-metal ores and the prevention of waste in utilization of these metals. We expect to study marginal ore deposits in an effort to bring them within the pale of usability and to develop useful alloys to conserve relatively scarce materials. Another important aspect of the Bureau's program will be the development of improved scrap-metal recovery processes.

Our research on rare and precious metals should provide us with adequate supplies of these scarce commodities, some of which are in great demand. Beryllium, columbium, and tantalum will receive particular attention, because we are almost entirely dependent upon foreign sources of supply for these essential metals. Other rare metals of unusual characteristics will be investigated to develop extractive processes and to determine their properties and suitability for special uses.

The problems of the other nonferrous metals, such as tin, antimony, arsenic, bismuth, cadmium, and mercury, are many and varied. Our research will deal with the development of methods of recovery and other metallurgical techniques, as well as encouraging production where needed.

Nonmetallic minerals

The problems concerning the minerals of construction are numerous. We shall continue to provide basic production and distribution data, as well as technologic and economic information. The Bureau's research efforts will be devoted to the synthesis of asbestos and the development of substitutes for this mineral to reduce our dependence on foreign sources. At the same time, we shall attempt to develop domestic deposits to increase the domestic supply of strategic grades of asbestos.

The minerals, which are the raw materials for the production of a great variety of chemicals, offer opportunities for profitable research on many complex problems. For example, in fiscal year 1955, our program of research and investigation will emphasize studies of fluorine mineral problems and sulfur resources.

Bureau of Mines research on industrial diamonds and on the development of substitutes for them will be an important activity to attempt to reduce our dependence on foreign sources of this important commodity. Research on the application of hard borides and similar mineral products offers great promise for significant contributions to mineral technology.

Earlier Bureau of Mines research on ceramic and fertilizer materials has contributed to the development of synthetic mica to meet vital requirements for ceramic dielectrics. Our research program for 1955 is expected to further extend the usefulness of this and other ceramic materials to the Nation's industrial machine. We also plan to determine the extent of domestic raw material reserves from which synthetic mullite can be produced to supply the manufacturers of refractories. Refractories, as you know, are basic to our industrial machine because of their use in all kinds of furnaces. It is imperative that we develop additional supplies of high-grade fire clay for refractory use in the metallurgical industries and glass plants of the West. Other ceramic materials will require investigation to meet special needs. Another important activity will be the development of new mining and beneficiation methods to permit the utilization of presently uneconomic reserves of fertilizer materials, particularly phosphates, to meet the growing demands of the West.

Minerals research, unclassified

Some of the most important problems of the mineral industries lie in fundamental or applied science and are not readily classifiable by commodities. The Bureau's research activities in attacking these problems are concerned with discovering and developing more efficient ways of getting minerals out of the ground, new and improved means of extracting minerals and metals from their ores, and more effective ways of using mineral products. Our research draws upon scientific channels in an effort to unlock the vast reserves of minerals and metals that lie untouched in the earth. During the fiscal year 1955, we shall continue the development of methods of extractive metallurgy, while delving further into the properties of minerals and metals and the principles that govern the structure and movement of rocks in the earth, together with their effect on mining.

In addition to the foregoing research, this program covers mineral-industry surveys and mineral-resources development studies, which contribute data to the integrated programs of the Department of the Interior in the various river basins. In fiscal year 1955, this work will be concluded in the Arkansas-White-Red and in the New England-New York area, but the Missouri River Basin survey will continue at a reduced level.

Health and Safety

INVESTIGATION OF ACCIDENTS AND RESCUE WORK

Funds provided for investigation of accidents and rescue work will be used to continue the support of activities designed to reduce working hazards, safeguard the health of workers by protection against atmospheric contaminants, and thereby promote efficiency in the mineral industries. Important among these activities are the Bureau's investigative work and accident-prevention education courses. Since its establishment in 1910, the Bureau has provided two fundamental courses of training that have contributed much to the reduction of accidents in the mineral industries—the Bureau's first-aid and mine-rescue courses. These courses have been revised and brought up to date periodically and up to the present time approximately 1,900,000 persons have been trained in first aid, mine rescue, or both. In addition to other training directed toward accident prevention, these basic courses, given to so many persons, have provided the inspirational spark that has steadily improved the accident record the mineral industries during the past four decades.

COAL MINE INSPECTIONS AND INVESTIGATIONS

The members of this committee should be pleased to know that, as a result of enforcement of the mine-safety provisions of the Federal Coal Mine Safety Act, coupled with the voluntary aspects of compliance under the act and the combined efforts of State agencies, labor, and management, the fatality rate for all American coal mines—bituminous, lignite, and anthracite—for the calendar year 1953 was even better than the fatality rate for the calendar year 1952, when the best previous record was made. The fatality rate for the calendar year 1953—0.82 per million man-hours of work—compares favorably with the 0.85 rate for 1952. According to our latest information, 457 men were killed in the Nation's coal mines during the calendar year 1953; whereas 548 were killed during the calendar year 1952. I should mention that comparison of the fatality rates reflects actual working time whereas the number of fatalities does not. Consequently, even though the coal mines worked less in 1953 as compared with 1952, the fatality record was still better in 1953.

An outstanding safety record was established for Pennsylvania anthracite mines during the first 8 months of 1953, when those mines operated without a single fatal haulage accident. Such a record was previously unheard of because haulage, year in and year out, ranks second as a cause of death in coal mines. The record was broken by a fatal injury that occurred in September; nevertheless during the calendar year 1953 only 3 fatal haulage accidents occurred in the Pennsylvania anthracite region as compared with 24 during the calendar year 1952. These figures refer to both types of anthracite mines, underground and strip.

The objectives for the fiscal year 1955 are to carry out the provisions of Public Law 552, 82d Congress, in which Public Law 49, 77th Congress, is incorporated as title I, to inspect under title II—the compulsory aspects—every coal mine employing more than 14 men regularly underground at least once annually, and to take necessary action to obtain correction of such hazards as are observed, and also to inspect all coal mines under title I—the voluntary aspects of the law. Moreover, engineers engaged in accident-prevention educational work for coal-mine officials will continue this effective activity in addition to performing related investigative work. Educational work for mine-safety committeemen and other coal-mine workmen, including special training courses in roof control and haulage safety, will be continued.

ROOF CONTROL

I believe that the committee will consider it appropriate for me to mention the wide acceptance of the revolutionary method of roof control—roof bolting—by the mining industry. Bureau engineers have revised and improved roof-bolting technique and made it applicable to various mining conditions, and disseminated the information to the mining industry. Bureau personnel also supervise initial installations and check on the older ones with the result that many lives have been saved that otherwise might have been lost from falls of roof if former conventional methods of roof support had been used. I am pleased to tell you that roof bolting has been adopted in 800 mines throughout the United States, of which approximately two-thirds are coal mines.

We are beginning a study to determine what additional measures can be instituted to further reduce injuries from falls of roof in coal mines. Bureau records disclose that not only do falls of roof cause more than half the fatal injuries in coal mines but, of these, approximately 70 percent occur within 25 feet of the working faces. Special effort will be devoted toward development of further protection of mine workmen in the most dangerous zones. Later, the study will be extended to cover noncoal mines.

EXPLOSIVES AND EXPLOSIONS TESTING AND RESEARCH

To assist the Federal coal-mine inspectors in carrying out the provisions of the Federal Coal Mine Safety Act designed to prevent coal-mine explosions, additional technical information will be developed regarding proper methods of sampling mine dust.

Tests of explosives and blasting devices will be continued to determine their permissibility for use in coal mines or their suitability for use in other mining operations and the conditions under which they can be used safely.

The testing for permissibility of electric machines and devices, respiratory-protective equipment, and diesel-powered equipment for underground use will be continued as a service to the mining industry.

CONCLUSION

In the foregoing presentation, I have tried to give the committee in a brief way a recapitulation of the work of the Bureau of Mines and what it proposes to do in the fiscal year beginning next July 1. The members of this committee are quite familiar with the scope of our activities, but by this short refresher I have attempted to focus your attention on some of the important aspects of the Bureau's work. Obviously, in such a short presentation I could include only some of the high spots. I am grateful for the opportunity of appearing before you in support of our budget estimates and I assure you that I or other members of the Bureau's staff will be very pleased to answer any questions, concerning our work, that might occur to you during this hearing.

Conservation and Development of Mineral Resources

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$18,657,000	$15,928,180	$13,750,000
Reimbursements from non-Federal sources	1,896	1,896	1,896
Reimbursements from other accounts	623,854	430,035	69,533
Total available for obligation	19,282,750	16,360,111	13,821,429
Unobligated balance, estimated savings	−856,677		
Obligations incurred	18,426,073	16,360,111	13,821,429
Comparative transfer from "Construction and rehabilitation, Bureau of Reclamation"	130,987	142,505	
Total obligations	18,557,060	16,502,616	13,821,429

Note.—Reimbursements from non-Federal sources above are from the proceeds of sale of personal property (40 U. S. C. 481 (c)).

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
Direct Obligations			
Appropriated funds:			
1. Fuels:			
(a) Coal	$2,053,357	$2,050,000	$1,850,000
(b) Petroleum and natural gas	1,328,622	1,343,356	1,250,000
(c) Synthetic liquid fuels	7,272,168	4,479,104	4,099,000
(d) Helium	90,632	90,795	90,000
2. Minerals and metals:			
(a) Ferrous metals and alloys	1,731,148	2,190,000	1,993,000
(b) Nonferrous metals	3,363,481	3,660,000	2,525,000
(c) Nonmetallic minerals	797,690	900,000	818,000
(d) Mineral research, unclassified	972,049	1,002,505	825,000
3. Control of fires in inactive coal deposits	322,154	354,925	300,000
Total obligations from appropriated funds	17,931,310	16,070,685	13,750,000
Reimbursements from non-Federal sources:			
4. Replacement of personal property sold	1,896	1,896	1,896
Total direct obligations	17,933,206	16,072,581	13,751,896
Obligations Payable Out of Reimbursements From Other Accounts			
1. Fuels:			
(a) Coal	41,921	61,416	61,212
(b) Petroleum and natural gas	4,420	8,362	8,321
(c) Synthetic liquid fuels	44,050		
2. Minerals and metals:			
(a) Ferrous metals and alloys	16,469	9,600	
(b) Nonferrous metals	494,084	350,657	
(c) Nonmetallic minerals	7,386		
(d) Mineral research, unclassified	15,524		
Total obligations payable out of reimbursements from other accounts	623,854	430,035	69,533
Total obligations	18,557,060	16,502,616	13,821,429

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Summary of Personal Services			
Total number of permanent positions	3,066	2,631	2,419
Full-time equivalent of all other positions	84	90	73
Average number of all employees	2,758	2,537	2,265
Average salaries and grades:			
General schedule grades:			
Average salary	$4,731	$4,929	$4,958
Average grade	GS-7.0	GS-7.2	GS-7.2
Crafts, protective, and custodial grades:			
Average salary	$3,077	$3,124	$3,151
Average grade	CPC-4.2	CPC-4.2	CPC-4.0
Ungraded positions: Average salary	$3,943	$3,999	$4,079
Personal service obligations:			
Permanent positions	$12,095,607	$11,486,247	$10,581,118
Other positions	325,221	329,393	260,228
Regular pay in excess of 52-week base	49,282	44,917	42,153
Payment above basic rates	194,769	146,787	123,244
Total personal service obligations	12,664,879	12,007,344	11,006,743
Direct Obligations			
Appropriated funds:			
01 Personal services	12,349,592	11,707,105	10,951,938
02 Travel	303,403	289,986	240,835
03 Transportation of things	427,096	107,437	89,230
04 Communication services	130,195	174,318	179,635
05 Rents and utility services	440,102	372,683	340,823
06 Printing and reproduction	212,307	216,819	185,774
07 Other contractual services	896,165	790,175	516,172
08 Supplies and materials	1,853,025	1,552,109	719,600
09 Equipment	1,238,137	798,633	505,163
10 Lands and structures	81,191	38,600	2,850
13 Refunds, awards, and indemnities	3,860	3,884	3,675
15 Taxes and assessments	48,447	43,730	38,358
Subtotal	17,983,520	16,095,479	13,774,053
Deduct charges for quarters and subsistence	52,210	24,794	24,053
Total obligations from appropriated funds	17,931,310	16,070,685	13,750,000
Reimbursements from non-Federal sources:			
09 Equipment	1,896	1,896	1,896
Total direct obligations	17,933,206	16,072,581	13,751,896
Obligations payable out of reimbursements from other accounts			
01 Personal services	315,287	300,239	54,805
02 Travel	2,836	7,934	1,419
03 Transportation of things	11,884	7,646	----------
04 Communication services	3	----------	----------
05 Rents and utility services	162	200	200
06 Printing and reproduction	3	100	100
07 Other contractual services	15,703	33,341	1,000
08 Supplies and materials	235,026	47,899	6,648
09 Equipment	42,950	32,676	5,361
Total obligations payable out of reimbursements from other accounts	623,854	430,035	69,533
Total obligations	18,557,060	16,502,616	13,821,429

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year	$3,590,527	$2,887,656	$3,765,836
Obligations incurred during the year	18,426,073	16,360,111	13,821,429
	22,016,600	19,247,767	17,587,265
Deduct:			
Adjustment in obligations of prior years	300,408		
Reimbursements	625,750	431,931	71,429
Obligated balance carried to certified claims account	8,750		
Unliquidated obligations, end of year	2,887,656	3,765,836	3,503,836
Total expenditures	18,194,036	15,050,000	14,012,000
Expenditures are distributed as follows:			
Out of current authorizations	15,121,225	12,740,000	11,000,000
Out of prior authorizations	3,072,811	2,310,000	3,012,000

FUELS

COAL

Mr. FENTON. We will go right into the consideration of "Conservation and development of mineral resources." There is a decrease in this item of $2,320,685. You are asking for $13,750,000 for 1955.

The first item under "Conservation and development of mineral resources" is fuels. We will insert at this point in the record the table on page 6 of the justifications.

(The material referred to follows:)

Conservation and development of mineral resources—1. Fuels—(a) Coal

Subactivity	Adjusted appropriation	Decreases	Subtotal	Estimate, 1955	Increases	Page reference	
						Table	Justification
(1) Sampling, analysis, and fuel economy service:							
(a) Sampling and inspection	$64,409		$64,409	$64,409			7
(b) Coal analysis	165,067	$5,000	160,067	160,067			7
(c) Fuel economy service	72,956	4,000	68,956	68,956			7
(2) Coal mining:							
(a) Estimation of known minable reserves of coking coal	97,970	5,000	92,970	92,970			8
(b) Development of Alaskan coals	164,472	40,000	124,472	124,472			9
(c) Coal mining methods	54,198		54,198	54,198			9
(d) Anthracite field investigations	73,477	4,500	68,977	68,977			10
(3) Mine flood prevention	100,000	100,000					11
(4) Coal preparation and utilization:							
(a) Preparation	108,615		108,615	108,615			12
(b) Combustion	122,734	5,000	117,734	117,734			12
(c) Coke and byproducts	158,110	6,500	151,610	151,610			12
(d) Subbituminous coal	64,765		64,765	64,765			13
(5) Lignite research laboratory	188,562	10,000	178,562	178,562			13
(6) Anthracite research laboratory	164,047	10,000	154,047	154,047			14
(7) Coal production and distribution	215,894	10,000	205,894	205,894			15
(8) Maintenance, buildings, and facilities	234,724		234,724	234,724			16
Total	2,050,000	200,000	1,850,000	1,850,000			

Mr. FENTON. Going down all the items under coal, we find they are all decreases.

Mr. FORBES. That is right, sir; to the extent of $200,000 under fuels.

Mr. FENTON. Is coal-analysis work done for any producer who desires the services or only in immediate connection with Government purchases?

Mr. MCCABE. It is done for independent producers only as a referee service. The private producers do their own work or employ private laboratories, but if the buyer and the seller should disagree over the analysis, we perform a referee's service for charge, and that is a very minor part of the Bureau's work; otherwise, it is entirely for Government purchases of coal which total $70 million a year at the current rate.

Mr. FENTON. You sample coal to the amount of $70 million worth which is purchased by the United States Government?

Mr. MCCABE. That is correct.

Mr. FENTON. Would it be feasible to put in the record various Government agencies for whom you have to do this work?

Mr. MCCABE. I can name some of them from memory. The military services, of course, are by far the biggest, the Army, Navy, and Air Force; the Post Office, the Indian Service, the various agencies of the Department of Commerce. I can supply the list.

(The material referred to follows:)

BUREAU OF MINES COAL ANALYSIS SERVICE

Estimate of value of coal purchased by various agencies, fiscal year 1953, for whom we are analyzing coal samples.

Approximate tonnage:	
Defense	5, 275, 000
Veterans' Administration	695, 000
Post Office Department	150, 000
Justice	35, 000
Bureau of Indian Affairs	65, 000
Government fuel yards, District of Columbia	570, 000
Miscellaneous	210, 000
Total	7, 000, 000

This does not include coal purchased by agencies where information on its use is classified.

It is estimated that an average cost per ton delivered for the above coal is about $10 resulting in a total cost of about $70 million.

COKING COAL

Mr. FENTON. There is a decrease for the estimation of known minable reserves of coking coal. What is the status of the coking coal survey?

Mr. FORBES. I will have Mr. McCabe answer that, Mr. Fenton. He has it pretty well in hand. It will save time, I am sure.

Mr. MCCABE. We have made considerable progress in Pennsylvania and West Virginia in mapping the coking coal reserves and we have been getting further into the southern Appalachian States of Tennessee, Kentucky, and Alabama. We did find as we got into those States that we were getting into areas where the geological work had not been done, so with the approval of the Secretary and the Director of the Geological Survey and the Bureau of Mines, we have entered

into an agreement that in 1956 this preliminary mapping work will all be turned over to the Geological Survey, but during 1955 we will finish up those areas that we are now working on and can finish with the Bureau engineers.

Mr. FENTON. You do analysis and research work for the TVA, I believe?

Mr. MCCABE. That is with funds contributed by the TVA largely, so inasmuch as they are financing it and they are interested in sources of steam coal, not coking coal, although these coals happen to be coking, we are doing the engineering work for them. I might say that we are continuing, though, with the washability studies, preparation studies, and the coking studies of all coal in the Appalachian region. It is only the mapping in the field that the Geological Survey will take up in place of the Bureau.

Mr. FENTON. What is the status of the reserves of coking coal?

Mr. MCCABE. The coking coal reserves gave us some concern during the Second World War. Because of the increased amount of ash and sulphur in them, the coking characteristics and the quality of coking coal has been gradually deterioriating as the premium coals have been worked out. Our problem in the Bureau, as we see it, is to evaluate these lower grade coals for coking to see what can be done with them by washing and then by blending with some of the higher grade coal to extend our whole supply of coking coals. It is primarily one of upgrading. In the long run of things, Dr. Fenton, I think technology will be able to take care of the coking coal needs, but gradually our quality of coking coal is deteriorating.

Mr. FENTON. What was the original estimate for the survey on coking coal reserves? What is your present estimate and how much has been spent to date on this item?

Mr. MCCABE. May I supply that, Dr. Fenton? I am not familiar with the original estimate on it.

Mr. FENTON. It seems to me that has been going on for some time.

Mr. MCCABE. Since 1949, I believe, but I will supply that exactly, if I may.

(The material referred to follows:)

Estimate of known minable reserves of coking coal—funds expended

1954	$97, 970. 00
1953	97, 970. 00
1952	94, 000. 00
1951	103, 000. 00
1950	101, 681. 00
1949	156, 150. 00
Total	650, 771. 00

The first appropriation was in fiscal year 1949 and the program as originally conceived included no estimate of the date of completion. The work is progressing at the rate of 10 or 12 counties per year. It is now in process of transition to the Geological Survey and beginning with fiscal year 1956 the work will be done by them.

RESEARCH ON ANTHRACITE COAL

Mr. FENTON. Do you do any research work with other forms of fuel, or anthracite coal which used to be used many years ago in blast furnaces instead of bituminous?

Mr. MCCABE. We have one project that we have been working on with the anthracite. It is a relatively small project for gasifying the

impure or high-ash anthracite. There have been proposals to do research work on anthracite for metallurgical purposes but that is a major piece of research which we do not have in this year's budget. We are doing extensive work, of course, in mining methods on anthracite, in preparation studies of anthracite and in our own boilers in the station are doing certain research on combustion with anthracite.

Mr. FENTON. Then the answer is that you are not doing anything in research toward finding other fuels for use in blast furnaces other than coking coal.

Mr. MCCABE. No, sir; we are not pursuing anthracite studies for metallurgical use at present.

REPORT ON MINE FLOOD PREVENTION

Mr. FENTON. I notice that under mine flood prevention, Mr. Director, you said a report would be ready by the end of this fiscal year.

Mr. FORBES. We are sure it will be ready, Dr. Fenton.

Mr. FENTON. Can you tell now what your recommendations will be in general?

As you know, this survey was started 5 or 6 years ago and I know that it has been a very expensive job. I think a thorough study has been made on that mine water problem, and there is no money in this bill for any future survey.

Mr. FORBES. That is correct, sir.

Mr. FENTON. Is there enough money left to get the answer to the problem? In other words, with this situation can we get a report on that by July?

Mr. FORBES. The first step, of course, Dr. Fenton, is the field work and that is almost completed. It is going to take a little while after the 1st of July for them to formulate their report with the recommendations and I think, I am hopeful even though there is not any money in here—I am hopeful that we can find some means of doing that even with our present appropriation structure for health and safety activities. I am very hopeful that we can do that because, after all, there is a lot of safety involved in this flood-prevention work that is going on in the anthracite region.

Mr. FENTON. How much money have we expended thus far, including the 1954 appropriation, on this survey?

Mr. FORBES. Jim, do you have the exact figures?

Mr. WESTFIELD. I say it will approximate $1 million. I can supply that correct figure, but I think it is going to be pretty close to $1 million for that engineering survey.

(The material referred to follows:)

FUNDS FOR ANTHRACITE FLOOD PREVENTION

With respect to the amount of money expended for the anthracite flood prevention survey, the following table is submitted showing appropriations and expenditures according to fiscal year:

Fiscal year	Appropriation	Expenditures	Returned to Treasury
1945	$35,000	$35,000	
1946	28,720	28,720	
1947	30,050	30,050	
1948	30,390	30,390	
1949 [1]	291,100	143,645	$147,455
1950	325,916	251,707	74,209
1951	275,000	210,568	64,432
1952	160,300	98,000	62,300
1953	167,070	144,485	22,585
1954	100,000	[2] 97,000	[2] 3,000
Total	1,438,546	1,069,565	373,000

[1] Engineering survey started in fiscal year 1949.
[2] Estimated.

Mr. FENTON. We have with us Mr. Si Ash who is directly in charge of the mine water survey. You will recall, Mr. Chairman, that that was a project this committee started in order to save our anthracite coal reserves, to say nothing of the lives that are endangered by this impounded mine water. Mr. Ash has made a very fine survey. I am glad that he is with us today so that he can personally give us a report on what he has found, and his recommendations.

Mr. FORBES. Mr. Chairman, before Mr. Ash starts, I thought it desirable to have him here today because he has been in charge of this work since its inception, and I know that he will be able to answer fully any questions that the committee may ask him with respect to this engineering survey.

Mr. FENTON. I am glad he is here because this is a serious situation in the anthracite region. A day does not go by that I do not think and worry about some of this water breaking through and drowning our miners. It is a very, very serious possibility, to say nothing of the havoc it would play with our economic life in the region.

Mr. Ash, we will be very glad to have you testify at this time.

Mr. ASH. Thank you, Mr. Fenton. Certainly it is a pleasure to testify before this committee at this time. As I mentioned to Director Forbes yesterday, it puts me in a rather embarrassing position to come before this committee with "no request for funds" to defend. In other words, there is no money allotted for the project in the justifications and as I told him, I would have to just tell the truth as I see it.

I was impressed with the Assistant Secretary's remark and also Dr. Fenton's concerning the place that the anthracite industry has in our economy and certainly in the functions of our Bureau. So, if you would just pardon me, I would like to insert one paragraph concerning the position of this industry, which I frankly feel I am here to try to, but not exactly, defend. I certainly hope to bring about something that is going to save it, because it certainly is in the way of being inundated in fact, unless something is done in the way of an action program of remedial construction works. So that is why I consider it my privilege and certainly pleasure to be here today.

Anthracite mining, although still a major producer of mineral wealth in the United States, has shrunk greatly in stature from a collosus of industry that during World War I employed 180,000 men and produced 100,000,000 tons of anthracite a year to one that during 1952 employed but 65,923 men and produced 40,582,558 tons. The payroll for these employees in 1952 was approximately $228,000,000, more than the payroll for the entire metal mining industry throughout the United States for that year—and the anthracite had a value of $379,714,000. Employment in 1952 was the lowest since 1878, and production the lowest since 1886. As anthracite is sold and used for heating homes and generating industrial power throughout the northeastern part of the United States and Canada, the anthracite industry thus provides additional substantial revenues to railroads, truckers, and retailers in a great number of localities. The freight revenue from transporting anthracite from mines, except by truck, to market in 1952 is estimated to be $110,239,000.

Competition from oil and natural gas is the chief reason for the steady decline in the consumption of anthracite. The industry is harassed by many difficulties, and the greatest single problem is mine drainage. The progressive encroachment of water has inundated many anthracite mines and much of the anthracite reserves and threatens to cut short the life of the entire industry.

Now, I have prepared this very brief report, which contains the highlights of this problem. We have been engaged, as provided in the Fenton bill (H. R. 4837, 80th Cong., 2d sess.), as our chairman knows, to find and present a solution for this problem. The provisions of the Fenton bill were very definite. The last of these provisions was to report to the Congress, on the basis of information obtained, comprehensive recommendations for remedial measures concerning the anthracite-mine-water problem that will outline methods for its solution, cost thereof, benefits to the region, and method of financing. That bill passed the House unanimously. It was construed by the Bureau of the Budget that the Bureau had authority to conduct this survey. For that reason the objectives of this bill have been the policy of what this survey was expected to accomplish.

I was impressed by your chairman's remark about a report that should be before your committee in order to deal intelligently with certain phases of the reorganization of the Bureau. I think much of the same logic certainly applies to the report on the solution of the anthracite mine-water problem. Certainly we can make a report, which would be a half-baked report, but as the situation now stands, we, realizing that our fieldwork would be completed this year, the field staff has virtually diminished until we have only three engineers left in the field. The job of reporting and preparing the final report cannot be done now as we are still conducting research on the metals and alloys that should be used to construct pumping equipment that may cost somewhere near $9 million. This study would not be completed, or should not be completed because tests are necessary until at least March or April. Therefore it is going to be impossible to prepare a report that concerns a million dollars of expenditures of the Federal Government's money and another million dollars of the industry's money to find a solution to this problem.

We have developed this study to a point where 5 projects are being designed that cover an action program that should be started in the way of solving this problem, and 2 of which should be started certainly within the next year.

Mr. FENTON. Mr. Ash, can you give the committee some idea of the amount of water that is impounded in the mine workings in the anthracite region, the hazards that are involved, together with an immediate solution, if you can. I know it must be a long-time problem. Any project that might be established by the Congress must necessarily involve an immediate remedy, plus a final resolution of the matter. Are you in a position at this time to make any recommendation for immediate relief there?

Mr. ASH. Our report reveals that there is more than 106 billion gallons of water—and that is a lot of water—impounded in some one-hundred-and-fifty-odd pools in the anthracite region. We have investigated the barrier pillars, which are pillars designed to separate adjoining mines. I have the data here. The length of these pillars total several hundred miles. Our conclusion on them is that they are not serviceable and in but few instances will not serve as dams.

The laws of the Commonwealth of Pennsylvania provide that barrier pillars should be left between adjoining properties that belong to different companies. It did not provide and does not provide now, that these barrier pillars be utilized or could be utilized as dams between adjoining mines of the same mining company. That is what we have today in mines of the larger companies, as from Pittston to Nanticoke covering the entire Wyoming Valley. If you were to close down those mines or flood one of those mines, the water would eventually flood the entire area. You could not unwater one of those mines without unwatering all of them. The same is true in Panther Creek Valley; same is true in Dr. Fenton's region—once these mines are flooded. That is the situation today, particularly in the Lackawanna Basin. Within 5 years when the entire basin may be inundated, it will not be a matter of unwatering 1 mine; it is a matter of unwatering all mines. So for that reason we have designed a solution, we believe, to this problem, and we are now in the process of completing it. We have completed 1 of the 5 projects—we will have 2 more completed within a matter of 2 months, after which we would be in a position to recommend an action program. The other three we will certainly have recommendations by the end of the year. But to provide this final report to support this thing, as I mentioned, we certainly must have funds. I do not like to come here for $55,000 next year to finish this job, but I have to depend on others besides myself, or consultants I have working with me and that have been on this job. They are on it now, and they are all who are left to complete the job.

That is the picture.

So, as far as presenting something, certainly, I could give you some facts and give you costs on what we estimate this project would be. I might say just this past week I was discussing with the secretary of mines of Pennsylvania my request of a year ago at a meeting of the anthracite operators, the union representatives or the district presidents, and personnel of the State mining department. The State legislature passed a law creating a commission to participate in

this problem. That commission has just been created, and obviously, hasn't had a chance to function, so the part that it would play in this program could not be definitely stated at this time. It is essentially a long-range program. I will try and answer the next question. I have to be frank and say that unwatering individual mines or doing pumping for any individual mine is not going to solve this problem. In fact, it is going to aggravate the problem. The closing down of mines that is going on now—I understand Maple Hill closed yesterday—another 1,500 men out of work—is forcing the companies——

Mr. JENSEN. Because of this water?

Mr. ASH. Partly, yes. They are surrounded by water. When this Maple Hill is full of water, that is the only thing that is left. These companies, then, what are they doing? Working their strip mines. That further aggravates the problem. It just means more holes for more water to go in. When you stop to realize that we have already taken 4½ billion tons of anthracite from the ground, and it is certainly worth over $22 billion, we have still at least 8 billion tons left, of which we ought to mine at least 4. Once these mines are flooded, what we propose to do now to save this resource and keep eighty-some thousand people working, would have to be done in the long run anyway. In the meantime, the economy of that entire region will have been destroyed. Therefore, we have performed this survey, are bringing it to a close, and are making some very definite recommendations. It is the considered opinion of these engineers, and they are certainly competent people, that this is the solution that we can propose for this problem. I know from my 25 years of experience in the Government that unless you have money provided definitely for that purpose, we are not complying with the recommendations of the Congress in the bill which was later construed by the Bureau of the Budget to be giving us the authority. A million and a quarter people depend on that region, as I come here talking certainly enthusiastically about this thing, and the letters—I just received one yesterday—from the labor organizations, from civic organizations prove this thing is not partisan; it is bipartisan; it is something that must be done for this region. As I told Director Forbes the Commonwealth of Pennsylvania has enacted legislation to look into this matter and I know that we in the Bureau will be consultants to it, that the Bureau of Mines should not adjourn this matter without providing one cent to complete this report and to complete the fieldwork which will not be done until June—if we retain this staff, but these people have left their jobs; they have got homes and children, and you could not expect them to stay on the job that will be summarily terminated on June 30.

Now, as I say, I say this with certain humility, but to sit down and prepare a report and do it myself concerning an expenditure of this much money and all of these years of time, gentlemen, is impossible.

So I appear before this committee.

I certainly think in supporting the Congressmen in that region regardless of party that there must be something done in the nature of an act to provide an action program to alleviate and prevent the total inundation of the anthracite region. You are going to see the region that Dr. Fenton comes from, you are going to see the Scranton area where the majority of the population lives, you are going to see those mines totally out of business certainly within the next 10 years.

Mr. FENTON. That is certainly true because not only Maple Hill is shutting down, as you indicated, but we have had colliery after colliery—1,200 men, 800 men, 600 men, placed right out of a job. In the area where there is 80 percent of the anthracite reserves, in the lower anthracite fields where I come from, that will probably be wasted and lost.

Mr. ASH. Lost forever.

As I say, if these mines are inundated the entire region will be flooded. Panther Valley, which extends from Nesquehoning to Tamaqua will become one vast lake. I hope I am bringing across that the pillars left between these mines, as long as the mines are operating and they are handling water, that the pillars could be substantial in part, but when the whole region is inundated and you start unwatering one mine, the water breaks through these pillars and it would be impossible to unwater the mines individually. You have to unwater the whole region and for that reason the solution that we propose which is a gravity system tunnel with emergency pumping plants extending from below the Conowingo Dam. In Dr. Fenton's area the pumping costs would drop from what is now $2 million to something like $20,000. It would leave for decades reserves above the water horizon which is now flooded. A reporter from Harrisburg was asking me yesterday if the anthracite is not a dying industry. It should not be. It certainly calls for the best men we have in engineering for an industry that should be encouraging other industries to come in, and you don't encourage other industries to come in when your basic industry is accepted as being destroyed. You don't create new industries, you don't bring in new industries by closing down more mines; you do it by opening up more mines and reducing your cost of production.

Mr. FORBES. Mr. Ash, will you tell the committee about pumping costs and the amount of water that must be pumped to get a ton of coal out?

Mr. ASH. That amounts to approximately 40 tons per ton of coal. But I want to get at this point, gentlemen, about this water. It is not altogether the unit cost per ton for pumping water. The total certainly amounts to $12 million a year, which would be an enormous unit cost if 1 or 2 operations must assume the entire burden, but it would be physically impossible to handle this water with the present pumping plants. You just could not do it. You cannot handle it unless you keep these mines unwatered. There is only one way to do that and that is take the water away such as we propose by taking it through a gravity drainage tunnel system.

Now, the amount of water that is pumped there daily amounts to around about 325,000 gallons per minute. That is the pumping load.

Mr. FENTON. I have inquired of the Bureau and the Administrative Assistant Secretary whether or not they would be prepared to formulate a suggested bill that might be introduced in the Congress. Up until this time I have received no indication of a suggested solution. Would you be prepared to suggest a solution?

Mr. ASH. Yes. I have it here. A short time ago Director Forbes asked me if I could prepare some items for justification for this and that I have done. I have prepared these items which I think such an act should cover and would be the basis in large part of the recom-

mendation of my associates and myself as to the solution of this mine water problem and will give this to the committee.

Mr. FENTON. If that is agreeable to the Bureau, I would certainly like to have it.

Mr. FORBES. As far as the Bureau is concerned, I think I am speaking, too, for the Assistant Secretary, there is no objection on our part to insertion of this information into the records of the hearing.

Mr. WORMSER. There is certainly no objection to inserting the information, Director Forbes, but this is a problem that the Department has not yet had a chance to pass upon. I myself have not had a chance to study it and before we give you our recommendation I think we should be given the opportunity of studying it and come to a decision about it.

Mr. BUDGE. It is rather an unusual procedure for the Director of the Bureau of Mines to ask people on his staff to come up and justify an item that is not in the Bureau's budget, particularly when it has not been cleared with the Secretary's office, apparently.

Mr. FORBES. No. I am awfully sorry if there is a misunderstanding about this.

Mr. BUDGE. That is what Mr. Ash just said, that you asked him to prepare a justification statement.

Mr. ASH. I think I must explain that. This was a justification, items for justification of a flood control act. It is not this matter of funds.

Mr. BUDGE. I see.

Mr. ASH. This is not a matter of funds. It would be improper for me to be here requesting funds. This is not a justification for funds. This is justification of some items that would justify the proposed solution of this anthracite mine water problem.

Mr. JENSEN. These mines are owned by individuals, companies, that are now flooded. What steps have those people taken to relieve this situation?

Mr. ASH. They have spent millions of dollars and are spending millions of dollars. Their problem is concerned, Mr. Chairman, with their active mines. But bear in mind that this problem revolves largely around abandoned mines. For instance, there are over 3,000 abandoned bootleg holes. In just 1 last year 5 men lost their lives. So their problem becomes not a matter of handling their own water but it becomes a matter of handling this water from mines, some of which at present have no ownership.

Mr. JENSEN. To whom does the ownership revert when a mine is abandoned?

Mr. ASH. Some of it is reverted to the State in the matter of taxes and some of it to the cities.

Mr. JENSEN. What are the States doing to alleviate this situation?

Mr. ASH. This is not solely a Federal Government problem. It is a three-way problem.

Mr. JENSEN. That is what I am trying to find out.

Mr. ASH. That is what I propose here; it is a three-way problem.

Mr. JENSEN. In the event that your recommendations are approved and a bill is written and passed, as you suggest, what would be the

ultimate cost to the Federal Government, to all the taxpayers of the country to drain these mines properly?

Mr. ASH. We look upon it as a Federal item that the main drainage tunnel would extend from tidewater to Scranton.

Dr. FENTON. How long a tunnel?

Mr. ASH. 137 miles long. The laterals which would parallel the different fields so that they could be reached by the mines would be a State problem. The operation of the pumping plants which would be provided more as a matter of emergency than everyday utilization are there to save of course, driving parallel bores. The burden of the laterals is a State problem. The matter of controlling all this would be an anthracite mine drainage authority. It would not be a Federal problem. It would be created in the region itself. The industry's problem would be to take their water and deliver it to the laterals and to the main bore and certainly pay the cost of the drainage.

Mr. JENSEN. What would you estimate the cost to the Federal Government?

Mr. ASH. Around $250 million.

Mr. JENSEN. For the whole program?

Mr. ASH. Spread over, say, 10 years.

Mr. JENSEN. For how big an area?

Mr. ASH. To cover the whole region.

Mr. JENSEN. The whole region of——

Mr. ASH. Pennsylvania, anthracite region.

Mr. JENSEN. What about other areas that are flooded?

Mr. ASH. This would cover the entire area of the anthracite region of Pennsylvania.

Mr. JENSEN. But there are other regions where there is a like condition?

Mr. ASH. I do not know of any other region in the world where they have this comparable condition.

Mr. JENSEN. Where drainage facilities should be developed?

Mr. ASH. Not on this scope. I was in England about 3 years ago to look into their problem and their problem was trivial alongside of this. They do have a drainage scheme in the Doncaster area in England which was comparable in some ways.

Mr. JENSEN. You would propose to build an underground tunnel which would take this water out of the mine by gravity flow?

Mr. ASH. That's right. The cost of operation of this would be with the industry and the authority. It would not be a Federal problem. The cost, maintenance and pumping would be done—that is, to this horizon—that would be a problem of the Commonwealth of Pennsylvania and the industry.

Mr. JENSEN. Actually, the Federal Government would have to spend about $250 million according to your recommendations.

Mr. ASH. That is true. Looking at it, as I say, when we speak of $250 million, we speak of the anthracite industry as a $500 million industry. There is 1 year—it looks like a lot of money, and it is a lot of money but it is like providing the main sewerage system.

Mr. JENSEN. My next question is this: since gas and oil have taken the place of coal to a great degree over the past many years, do you still feel that there would be a market for more coal than is mined today?

Mr. ASH. Yes, I do, Mr. Chairman; particularly the anthracite. Our whole eastern part of our country, certainly seaboard New York, Philadelphia, is dependent on smokeless fuel. There is no fuel that can take its place as far as smokeless fuel is concerned. The market for anthracite is there but the price is too high.

Mr. JENSEN. The price is too high because of what?

Mr. ASH. Numerous things.

Mr. JENSEN. About 80 percent of the cost of coal is in the mining thereof, is it not?

Mr. ASH. That is right. But there is no opportunity; you see, what is gradually happening there is that the number of operations are getting fewer and fewer and fewer until you are not encouraging the type of mining that could reduce the cost of production by smaller operations.

Mr. JENSEN. You are hoping that this committee will appropriate $55,000 to complete this study?

Mr. ASH. Yes, sir.

Mr. JENSEN. I can readily understand the economic problems that confront the anthracite region. Certainly it is a problem that should be of interest to all of us. There are thousands of people in that area that are directly or indirectly dependent on the coal industry. They have their homes, their children; everything they have is invested there. When people get up to the age of 60 or 65 years old, it is not easy to pull up their roots and start over again in some new place. This is a problem that touches the hearts of most of the American people; to destroy the economy and hence the homes of good American people.

I can assure you, Mr. Ash, and everyone present, every member of this committee is concerned about the problem which confronts the anthracite region. We are especially concerned about it because of the great concern of our colleague, Dr. Fenton, who has a great responsibility in attempting to do something about it for the good people he represents. I know it is a continuing worry to Congressman Fenton, and I can assure you that as one member of this committee, I shall do everything within reason to help work out a solution to this problem.

Mr. ASH. Thank you, sir.

EFFECT OF OIL AND GAS ON THE ANTHRACITE INDUSTRY

Mr. FENTON. As I tried to point out a few days ago when the Oil and Gas Division of the Secretary's Office was before the committee, a great deal of interest was exhibited by the Department in that particular field. I have no quarrel when they come up here and say that it is for the defense of our country. But when the United States Government—and we went along with them—will establish Little and Big Inch pipelines coming from the West to the east coast, for the defense of our country, that is okay; but as soon as the emergency is over, those pipelines revert to the oil and gas industry. They sell the pipelines to private industry, which help to disrupt the economy of a contiguous area which is solely dependent on anthracite coal. That, to me, is not right. And certainly the anthracite people have a right to come in and ask for some adjustment or something to correct this dislocation of our economy. We think we should not be

harassed or hamstrung by other industries which seem to be getting favorable consideration from the very Department that should be supporting every section of our country. That is how I feel about it. My thought on the matter is that the people of Pennsylvania do not want any handouts, no more than the people of the West want it. My thought in the whole matter is to establish some kind of an authority, as Mr. Ash has stated, similar to the reclamation of the lands in the West, with everybody taking part. This is not a local problem. It is an overall problem for the welfare of our whole country. That is how I look at it.

OWNERSHIP OF ABANDONED MINES

Mr. BUDGE. I might say, Mr. Chairman, I certainly think Congressman Fenton is to be applauded for his interest in the preservation of what has been and still is a great natural resource.

I would like to ask Mr. Ash a couple of questions. To whom would the ownership of these abandoned mines revert?

Mr. ASH. They would be eventually owned by the Government, the taxing authority, either the State, the county or the municipality. That is actually being done up there. There are properties that simply had to revert to the State; a large part under the city of Scranton is owned by the city of Scranton.

Mr. BUDGE. I assume if the area would be drained under this proposal that you plan to make, that the State or the city or the county, whatever taxing agency might have taken them over, would sell them if they were to be operated?

Mr. ASH. Certainly. This I am not thoroughly familiar with, the tax structure, but as I understand, the reserves in inundated mines are not taxable. That is another matter. Once those are unwatered, they become valuable property again.

FUNDS EXPENDED ON THE FLOOD SURVEY

Mr. BUDGE. As I understand you, you have expended a million dollars of the Government's money and a million dollars of the industry's money; how does it happen that you came within $55,000 of getting this report out but did not get it out?

Mr. ASH. There were commitments made before this group that this would be done within a certain time. We had an organization that was doing this work. We just were unable to do it in that time. I have asked for this money. But after all as I say, now there are 3 people, where we had at one time 54. Some of these people quit within the past couple of weeks. They see nothing ahead of them and looked for another job. Consequently we would not be able to do the work and furthermore, it was never intended that we should be able to complete this before the end of this year.

Mr. BUDGE. Have you expended the $2 million?

Mr. ASH. At least a million of this money is what the industry has provided.

Mr. BUDGE. But has it been spent?

Mr. ASH. Oh my, yes. That is in the way of maps and survey and drilling. There are 10,000 drill holes in the Susquehanna basin.

That money is spent so you could determine the nature of what is under the valley of the Susquehanna.

Mr. BUDGE. No one can question the value of having such a study made, but I rather wonder, however, whether it is your duty under the legislation to go further and recommend who should pay for the improvements.

Mr. ASH. This would be in the matter of the report, the recommendations in the report would contain these recommendations as a solution to the problem.

Mr. BUDGE. I have here before me the hearings of last year. Congressman Fenton asked you how you were progressing with this plan. Mr. Forbes testified at that time and these are the words:

> It is not my intention to come back and ask Congress for any further money. This should complete it.
>
> Mr. FENTON. I agree with you. It has been going on 5 years, has it not?
>
> Mr. FORBES. Yes, sir. And it was anticipated that 3 years would finish it. You make an estimate of 3 years and then you run into some difficult problems along the way and you have to follow them through.
>
> Mr. FENTON. That was a very, very important survey, as I view it, and I had some responsibility for inaugurating it. Now, what we are anxious to know is what the answer is. How soon can we expect an answer?
>
> Mr. FORBES. Within the next year or year and a half we ought to be able to get an answer on it.

I assume that the Department may have to some extent based itself on your testimony of last year that you did not intend to come back for any money.

Mr. FENTON. When they came in last year for an appropriation of $167,000 they cut out $67,000.

Mr. ASH. Last year we returned quite a little money because of people quitting. We are going to turn back money this year; we can't spend it. This thing has grown, of course, from the $260,000 project when we started out to conduct this survey. I never realized nor did anyone else that these barrier pillars for example were in the shape they are in.

Mr. BUDGE. These figures you are using here are figures that the Bureau of Mines has given to the committee. Last year you requested $100,000. This committee did not cut the funds. They were cut by the Bureau of Mines. The $67,000 was deleted according to Mr. Forbes' testimony before the committee acted. That was done by the Bureau of Mines, not by the committee.

Mr. ASH. I appreciate what the Bureau did last year. If the committee had not done what they had done, this thing would have been, in the vernacular, washed up long ago.

Mr. JENSEN. Do I understand that you have sufficient money to carry on your activities during fiscal year 1954?

Mr. ASH. This current year?

Mr. JENSEN. Yes; this current year.

Mr. ASH. Yes, sir.

Mr. JENSEN. I believe you said you would even turn back some money?

Mr. ASH. Yes, sir.

Mr. JENSEN. How much, approximately?

Mr. ASH. I would not know just exactly. These people have been quitting within the past couple of months.

Mr. JENSEN. Would it amount to the $55,000?

Mr. ASH. No. These are largely field people. They are all our field people. We will finish all the fieldwork. Even as it is by the end of this year, I will have all the fieldwork done, but it is these field people all quitting. In fact there would not be anyone left in the field much after the 1st of April.

Mr. JENSEN. You say you can finish these investigations and submit a report for an additional $55,000 in fiscal 1955?

Mr. ASH. Oh, yes; absolutely.

Mr. JENSEN. You can do that?

Mr. ASH. Surely. No question about that.

REVIVING THE ANTHRACITE INDUSTRY

Mr. NORRELL. We have had a long discussion about the report and about what might be recommended to be done. We all want to conserve the coal-mining industry. Then we want to create a revival of the use of coal and the report would be helpful for that. The real problem is that the industry is losing customers and therefore the employment is going down, business is going down, and the income is going down. Is that not what we arrive at when we think about the anthracite coal mining industry in Pennsylvania? The problem I want you to discuss, is what can we do to regain or to retain the customers now and maybe regain some of them that were lost? Is there anything to be done there?

Mr. ASH. The first thing we have to do, sir, is to restore to the people in that community and in the Commonwealth of Pennsylvania, the fact and the knowledge that the anthracite industry is not dead; that there is twice as much anthracite in the ground as has been taken out, which is going to be totally lost as one of our natural resources. The fact is before all of those people—that this industry is going to be destroyed unless something is done. When they know that something is going to be done, then there is encouragement for people to stay in the region, and the more people who stay in the region the more industries will come into the region because after all anthracite is the main contributor to the wealth and security of the region.

Mr. NORRELL. But actually, the big customers, the big users of coal are turning to other types of fuels. That is correct, is it not?

Mr. ASH. One reason, a very great reason for that, is that the large users of anthracite use fine sizes for the generation of electrical energy, and it is going to tax the resources of the industry from what we can see on the horizon, for the small sizes. When you destroy the local market for domestic sizes which you do by closing down your mines, you destroy your demand for high-priced fuels so that you do not have any outlet.

Mr. NORRELL. That is true, but if we should by some miracle accomplish overnight what we would all like to do, and that is, get the water out and get the natural resources on a good, sound, productive basis; if we can do all the work you want to do, you still would not revive the coal mining industry in that area. You would not have any more business.

What there has to be is more business. The railroads are mostly all using other means of fuel. Houses are gradually using other means of fuel. Users of coal, in days gone by, are now users of something else. There is a reason for that and all of your findings and your

recommendations and your reports will not remedy that one situation. Am I right on that?

Mr. ASH. It would not entirely, no, sir. It would contribute to it.

Mr. NORRELL. You have to have more customers, more users of coal, if you accomplish what you want.

Mr. ASH. That is right.

Mr. NORRELL. I would like to know how you are going to do it at the rate you are going, and in the direction you are going.

People used to heat their homes with coal. They decided it would be cheaper to use other means, so other means are now being used. In other words, you have to meet the competition. There is not a gas industry in my district, as you know. I am just as much interested in coal as I am in gas, electricity or anything else, but I do not think we are going to accomplish what you want.

Mr. ASH. As was brought out here yesterday, we closed one of the largest mines in Pennsylvania because some other mines were closed that were filling full of water. You are closing down more mines and creating more unemployment by not doing something to relieve the water problem.

Mr. NORRELL. If you got all the water out overnight, you still would not have any more customers tomorrow than you have today.

Mr. ASH. It is not going to be done in a day, no, sir. I will agree with you on that.

Mr. NORRELL. The coal costs too much.

Mr. ASH. That is right.

Mr. NORRELL. The consuming public is simply not going to pay it. We had some testimony this morning by the Federal Coal Mine Safety Board of Review about a number of mines being closed. I asked the question: What happened to the mines after they were closed, were they reopened or not? They could not give me an answer. Can you tell us about that?

Mr. ASH. They are not reopening any of those mines.

Mr. FENTON. I will tell you what is happening.

Mr. NORRELL. I would like somebody to, Doctor.

Mr. FENTON. It is just throwing those people on relief and costing the Government a lot of relief money whereas if some of that money were put back——

Mr. NORRELL. That is no way to invigorate business, to close mines and kick people out of work. I do not know what the problem is but I would like to know. They testified here this morning that a large number of mines had been closed.

Mr. ASH. There are about 10,000 men out of work this last year.

Mr. NORRELL. One hundred and three mines or sections of mines were closed. Are they still closed? What is the situation?

Mr. FORBES. Let me answer that. I think there is just a little bit of confusion.

That was in relation, I think, to the Federal Coal Mine Safety Board, who had a hearing this morning.

Mr. NORRELL. Yes.

Mr. FORBES. Those mines that were closed temporarily on account of violations, of the Federal Coal Mine Safety Act. When they corrected the conditions, they were reopened.

Mr. NORRELL. They have all been reopened?

Mr. FORBES. Surely. We will be very happy to go into that when we come to the coal-mine inspection work in detail.

Mr. FENTON. That refers to all of the coal mines throughout the country, Mr. Norrell, bituminous and anthracite.

We are law-abiding up in the anthracite region. I do not believe you have closed any of the mines up there.

Mr. FORBES. There have been some of them closed temporarily but after they corrected the condition, they were reopened.

Mr. JENSEN. Mr. Ash, do you contend that if this water is drained from these mines, it will be possible to mine this coal for less money than it is being mined for today; hence anthracite coal can be put on the market for less money and by so doing it will increase its marketability?

Mr. ASH. Yes, sir. There is one other point that I did not bring out where the Federal Government itself is a problem and that is in the matter of stream pollution. This is a matter that if we take out at one fell swoop the acid mine-water problem which is somewhere around 900 tons a day, dumped into your streams, that would be removed from the streams.

Mr. JENSEN. Would that come about by the fact that this tunnel you suggest would carry the coal dust and the unusable materials away from the coal mines and keep it out of the streams?

Mr. ASH. It would keep the acid mine water part out of the streams. Of course, so far as your particular matter is concerned, that is something that is provided for on the surface and not underground. It would prevent the acid mine water from having to be collected and pumped to the surface and discharged into our streams. Another thing, it would provide in the future even on this Lackawanna project, enough power to generate enough energy to handle its own water. Another thing, as far as at the mouth of the tunnel, eventually, someday there is a source of 325,000 gallons of water a minute for industrial purposes that could be used at tidewater and also a power possibility equivalent to that from the York-Haven Dam. Those are long-range possibilities in the matter of this tunnel even after the anthracite region is gone and forgotten.

JANUARY 27, 1954.

COAL PREPARATION

Mr. FENTON. Yesterday, when we concluded the hearings, we were considering conservation and development of mineral resources under coal. We had disposed of and taken considerable time with the mine flood item.

It seems that there might be some limit as to the methods which can be contemplated for cleaning coals. How much has been spent for this kind of work to date and what would you estimate to be a reasonable total amount which should be invested in this kind of investigation. You are asking for $108,615 for fiscal 1955.

Mr. MCCABE. Dr. Fenton, that is an activity which has gone on since the founding of the Bureau of Mines, this research on the preparation of coals. We like to regard it as one of the continuing basic research problems of the Bureau to provide this kind of information as we develop the lower grade coals and new coal fields. As we get

into the higher sulfur coals, higher ash coals and new areas, it does provide the industry with the means of selection of the best coals that are available from time to time.

Mr. FENTON. It is a continuing item?

Mr. MCCABE. Yes, sir. It is one of the ways that we can help industry in the development of the resources of the country. We regard it as a continuing research program for basic information. Currently, this represents work in the State of Washington, at the Seattle station. We have preparation work going on there in the Washington coals; the larger amount of preparation work is being done in Pittsburgh for the northern Appalachian area and work on preparation of the southern coals is being done at Tuscaloosa, Ala.

COMBUSTION RESEARCH

Mr. FENTON. On page 12 of the justifications you referred to industry requests for research on combustion. Do you charge anything for this kind of service?

Mr. MCCABE. We do have some cooperative funds from time to time that come from the associations like American Society of Mechanical Engineers and this is primarily for such problems as the sticking of ash of various kinds on boilers, boiler tubes, and the heat transfer surfaces of the firebox in the boilers. This is usually done in cooperation with the engineering societies and they have contributed funds over the years.

Mr. FENTON. They do contribute?

Mr. MCCABE. Yes, sir.

Mr. FENTON. Substantially, or just how much?

Mr. MCCABE. I don't know the level of contribution this year but it usually runs on the order of paying the salary of two men, something of that order.

INDUSTRIES' CONTRIBUTION FOR RESEARCH

Mr. FENTON. In general, what is being done to get industry to finance research activities of immediate benefit to it such as the Texas Power & Light Co.'s contribution to lignite research?

Mr. MCCABE. They are currently contributing about $43,000 a year toward this research and our share is something under that. I believe that is thirty-some thousand dollars. Our contribution in any event is under $35,000 and the company this year raised their contribution from $36,000 as of fiscal 1953 to $43,000 this year. That shortly will terminate, I believe, because the industrial plant is going into operation. I think perhaps we can count on that maybe another year; that is their contribution. Then we will be out of that cooperative research and we will go back on to the general broader research on the coals of the Rocky Mountain area.

Mr. FENTON. How many years have they been contributing $40,000?

Mr. MCCABE. That has been going on, Dr. Fenton, from the beginning at the rate of $30,000 or $35,000 per year, beginning about 5 years ago, and has been coming up, the company's contribution over the years: In 1953 it was $36,000; this year, 1954, it is $43,000. So we have had about 5 years at the level of, say, $35,000 to $40,000 a year.

Mr. FENTON. On the subject of the Texas Power & Light Co.'s contribution, I wish you would give at this point a report or summary of their participation at the Denver laboratory for that project.

Mr. MCCABE. We will supply that, sir.

(The information referred to follows:)

Texas Power & Light Co. contributions to lignite research and development

Fiscal year 1950, Feb. 1 to June 30, 1950	$12,500
Fiscal year 1951, June 30, 1950, to June 30, 1951	30,000
Fiscal year 1952, June 30, 1951, to June 30, 1952	36,000
Fiscal year 1953, June 30, 1952, to June 30, 1953	36,000
Fiscal year 1954, June 30, 1953, to June 30, 1954	43,000
Total	157,500

Since this cooperative investigation is not complete, it is anticipated that the contract will be extended in fiscal year 1955 at the rate of $43,000.

Shipping charges for coal (lignite) and other materials provided by the Texas Power & Light Co. to the Denver station of the Bureau of Mines for use in this investigation have been paid by the company. Similarly, travel expenses and subsistence of Bureau employees when away from the Denver station on this investigation have been paid by the company.

When the trial of the first full-scale lignite drying unit was completed the Aluminum Company of America, through the Texas Power & Light Co., contributed the entire instrumentation therefrom (new value equals about $12,000) to the Denver station of the Bureau of Mines. This instrumentation has been entered into the station's property records.

Mr. Fenton. We have spoken of the Texas Power & Light Co. contribution. What is being done to get other industry to finance research activities?

Mr. MCCABE. We do have a number of cooperative agreemesnt. I do not have the breakdown for coal. I can supply that. I have it for petroleum here. Generally, in the coal industry we do not have the extensive support in cooperative funds that we do have in petroleum. We have some minor ones but they are not particularly large in coal. The coal industry just does not have the funds available for research. In petroleum and natural gas, they have, and consequently the Government has carried a small share of the research costs. The coal industry has its own research organization in Bituminous Coal Research, Inc. That is the bituminous industry does, and of course the anthracite has the Anthracite Institute laboratory. I hesitate to say just what the Bituminous Coal Research is spending. I think in the order of $400,000 to $500,000 per year.

Mr. FENTON. Will you supply that information, the amounts that gas and oil and coal industries contribute for research?

Mr. MCCABE. Yes, sir; we will do that for the record, Doctor.

(The information referred to follows:)

Estimated contributions from industry for gas, and oil and coal work for fiscal years 1954 and 1955

	1954	1955
Gas and oil	$117,100	$117,500
Coal	[1] 5,500	[1] 5,000

[1] In addition, approximately $40,000 is expended annually by the Texas Power & Light Co. in support of the lignite research and development work.

FUNDS AVAILABLE TO THE BUREAU OF MINES

Mr. FENTON. At this point, will you submit for the record a table showing by activities set out in the budget the following: Appropriation for 1954; funds being transferred from other agencies; amounts available as contributions from industry and other services; and the total of these three items.

Mr. MCCABE. Yes, sir.

Mr. FENTON. And the same data on an estimate basis for 1955. In addition, insert a separate list of projects being done for other Government agencies.

Mr. MCCABE. Yes, sir; we will do that.

Mr. FENTON. And the amounts transferred to the Bureau for this purpose.

(The material referred to follows:)

Statement of appropriations, transferred funds and contributions

	1954				1955			
	Appropriations	Transferred funds	Contributed funds	Total	Appropriations	Transferred funds	Contributed funds	Total
Conservation and development of mineral resources:								
1. Fuels:								
(*a*) Coal	$2,050,000	$51,980	$5,500	$2,107,480	$1,850,000		$5,000	$1,855,000
(*b*) Petroleum and natural gas	1,343,356	113,812	117,100	1,574,268	1,250,000	$123,000	117,500	1,490,500
(*c*) Synthetic-liquid fuels	4,479,104		41,250	4,520,354	4,099,000		41,250	4,140,250
(*d*) Helium	90,795			90,795	90,000			90,000
2. Minerals and metals:								
(*a*) Ferrous metals and alloys	2,190,000	370,846	79,000	2,639,846	1,993,000	282,500	66,500	2,342,000
(*b*) Nonferrous metals	3,660,000	4,602,894		8,262,894	2,525,000	3,151,500		5,676,500
(*c*) Nonmetallic minerals	900,000	70,810		970,810	818,000	40,000		858,000
(*d*) Mineral research, unclassified	860,000			860,000	825,000			825,000
3. Control of fires in inactive coal deposits	354,925		3,300	358,225	300,000			300,000
Total	15,928,180	5,210,342	246,150	21,384,672	13,750,000	3,597,000	230,250	17,577,250
Health and safety:								
1. Investigations of accidents and rescue work	850,000			850,000	850,000			850,000
2. Mine inspections and investigations	3,700,000			3,700,000	3,645,000			3,645,000
3. Explosives and explosions testing and research	510,000	522,307	19,500	1,051,807	505,000	240,000	19,500	764,500
Total	5,060,000	522,307	19,500	5,601,807	5,000,000	240,000	19,500	5,259,500
Construction:								
1. Synthetic-liquid fuels	200,000			200,000				
2. New laboratory facilities	225,000			225,000				
Total	425,000			425,000				
General administrative expenses	1,300,000			1,300,000	1,250,000			1,250,000
Development and operation of helium properties (special fund)			825,627	825,627			1,010,915	1,010,915
Projects not falling into activity schedule:								
1. Security classified activities		452,518		452,518		320,000		320,000
2. Machine tabulation		165,040		165,040		25,000		25,000
3. Mineral research and safety work			84,350	84,350			250	250
Total		617,558	84,350	701,908		345,000	250	345,250
Grand total	22,713,180	6,350,207	1,175,627	30,239,014	20,000,000	4,182,000	1,260,915	25,442,915

Projects undertaken with transferred funds from other agencies, fiscal years 1954 and 1955

	1954	1955
Department of the Army:		
1. Explosives, flame and combustion research	$235,290	$220,000
2. Physical metallurgy of titanium, and research on synthetic mica, ductile chromium, and pure molybdenum	152,876	140,000
3. Coal sampling and analysis and boiler water service	41,980	
4. Inspection and testing of electrolytic manganese dioxide	8,000	
5. Machine tabulation	136,020	
6. Security classified activities	99,802	70,000
Department of the Navy:		
1. Research pertaining to physical and chemical phenomena of explosives	1,281	
2. Explosives, flame and combustion research	109,648	20,000
3. Research and development program on diesel fuels	50,000	55,000
4. Titanium metallurgy research and zirconium physical metallurgy investigations	303,500	200,000
5. Machine tabulations	25,000	25,000
6. Security classified activities	110,000	150,000
7. Research on characteristics of fuels	28,000	68,000
8. Thermodynamic studies in extractive metallurgy of titanium	6,741	
Department of the Air Force:		
1. Flame and combustion research and investigation of kinetics of combustion processes	176,088	
2. Study of zirconium, titanium, and chromium alloys	40,580	
3. Security classified activities	4,494	
4. Experimental statistical data on characteristics of crude oils as sources of aircraft fuel and fuel components	18,101	
5. Coal sampling and analysis of boiler water service	10,000	
Atomic Energy Commission:		
1. Combustion research and thermodynamics of pure hydrocarbons	16,611	
2. Production of zirconium, recovery of uranium and radioactive mineral investigations	2,727,167	1,634,000
3. Security classified activities	238,222	100,000
Department of Commerce: 1. Preparation of oil and gas producer list	1,100	
Federal Housing Administration: 1. Machine tabulations	4,020	
Defense Minerals Exploration Administration: 1. Technical surveys	505,800	250,000
General Services Administration:		
1. Testing of tungsten concentrates	986	
2. Sampling, analysis, engineering studies and production in connection with strategic materials procurement program	1,298,900	1,250,000
Total	6,350,207	4,182,000

COAL

DECREASES FOR LABORATORIES

Mr. FENTON. I notice that you have a decrease of $10,000 for each of the laboratories, lignite and the anthracite laboratories.

Mr. MCCABE. Yes, sir. We distributed the reduction over those three items, cutting back on those projects. We felt that this would do the least harm to the research program. Now, it might be pointed out that in the case of anthracite we have an item of $73,000 for anthracite field investigations on which we took a $4,500 reduction. Now, we did selectively reduce in the development of Alaska coal, too, and that is a rather material reduction; and we are examining that very carefully to see if we may not be able to cut that back further in the next year. We are getting down now to the west end of the Matanuska coal field where the drilling is shallower; so we are going to cut back on that drilling program this year materially. There are some other items in the development of Alaska coal in addition to drilling but that is the major share of the expenditure.

ANTHRACITE ADVISORY COMMITTEE

Mr. FENTON. Is there an advisory committee in the anthracite region and if so, is that functioning now?

Mr. FORBES. Yes, sir; it is.

Mr. FENTON. They have given some recommendations as to the development of the program for the anthracite area.

Mr. FORBES. That is correct, Dr. Fenton. I have with me a press release that was issued by the Secretary of the Interior under date of November 10, 1953, in which an account is given of the first meeting of the anthracite advisory committee to the Secretary. There are some very definite recommendations made in this report. For instance, under mechanization, the Bureau is to continue work with the German shearing machines and the coal planer when cooperative funds are available.

Mr. FENTON. I have that information before me. Is there any money in this bill to carry out the recommendations of the Commission?

Mr. FORBES. Only for the continuing projects. You see the Commission came into being after the advisory board had been set up.

Mr. FENTON. That was as of November 10.

Mr. MCCABE. That is true. You will notice those items that read "continued"; there are 8 or 9 of them: continued design, continued work, continued projects; those are currently making up the program in the anthracite about which you are asking.

Mr. FENTON. What about utilization work?

Mr. MCCABE. Yes, sir; utilization work is going on. That is where test work is done in our own boiler plant in the station, on various sizes.

Mr. FENTON. What about the recommendation No. 1?

Mr. MCCABE. Under utilization, that one is the only one that is not active. That is a major research project. That one is excluded. It is the only one of those listed not covered by the request for funds. That is the metallurgical use of anthracite.

Mr. FENTON. That is a major item, I should say. I wish that something might be done along that line as soon as it can be.

PETROLEUM AND NATURAL GAS

We will go to the next item, "Petroleum and natural gas."

(Discussion off the record.)

Mr. FENTON. We will insert at this point in the record the table on page 25 of the justifications.

(The table referred to follows:)

Petroleum and natural gas

Subactivity	Adjusted appropriation	Decreases	Subtotal	Estimate, 1955	Increases	Page reference	
						Table	Justification
(1) Production, including secondary recovery	$715,904	$56,429	$659,475	$659,475			25
(2) Transportation and storage	10,245	660	9,585	9,585			27
(3) Chemistry and refining	233,423	17,503	215,920	215,920			27
(4) Thermodynamics	84,700	6,775	77,925	77,925			29
(5) Petroleum economics	179,406	956	178,450	178,450			30
(6) Maintenance, buildings and facilities	119,678	11,033	108,645	108,645			30
Total	1,343,356	93,356	1,250,000	1,250,000			

PRODUCTION AND SECONDARY RECOVERY

Mr. FENTON. With respect to your work on production and secondary recovery, what is done and by whom to make sure that extractions from a given field are carried out by producers in the manner which you find to be best for the producer and the field?

In other words, how well is the data you obtain being used?

Mr. MCCABE. The information that we get on primary and secondary recovery is done in cooperation with the companies at the time they are producing the wells. We get bottom-hole pressures and drill cores, determine porosity and the way the water is advancing where there is water flooding going on; determine the flow of gases through the sand and determine at what rate producers could repressure with gas to get additional recovery. That information is published. It is particularly valuable to the smaller producer who does not have or is not able to get that information himself; we feel that this is a significant contribution.

Now, I believe you asked as to who assures that this is used; the State conservation commissions are responsible for regulation, for spacing of wells, and the rate of production. These commissions make use of our data.

Mr. FENTON. You supply the data and they are the administering agents.

Mr. MCCABE. Yes, sir; that is right.

PETROLEUM ECONOMICS

Mr. FENTON. What is the difference between your program on petroleum economics, as stated on page 30 of the justification, and the work that the Oil and Gas Division claims it has to do?

Mr. MCCABE. I am not too familiar with just what they do in the statistical area. We do furnish them with statistical information on production, and on distribution of petroleum products. I am sorry I do not know how extensively they go into getting other data but I am sure they do not duplicate the Bureau's information on production and distribution.

Mr. FENTON. Is that the only function of this activity?

Mr. MCCABE. I believe, Dr. Fenton, they do obtain information that is useful in time of emergencies such as the demand for steel for drilling. We do not collect that kind of information, demand for oil-field supplies by the industry.

Mr. FENTON. You say in your justifications that this program produces information essential to the establishment of national policies, planning of the Nation's defense, scheduling of operations with industry's coverage, and planning of operations by all fuel-consuming industries. That is essentially a continuing program although from time to time reports are published giving results of studies on special subjects such as trends that have been established in petroleum products consumption over long periods of time.

I think it would be well to check whether or not there is any duplication there.

Mr. FORBES. We will do that.

(The following information was later submitted:)

PETROLEUM ECONOMICS, BUREAU OF MINES, AND THE OIL AND GAS DIVISION, DEPARTMENT OF THE INTERIOR

There is and will be no duplication in activities of the Bureau's petroleum economics group and the Oil and Gas Division of the Department. All basic statistical work will be handled by the Bureau of Mines, and the Oil and Gas Division will depend upon the Bureau of Mines for statistical data. This question has been discussed with the Oil and Gas Division, which has stated that it proposes to make full use of all statistics of the Bureau of Mines and to avoid any duplication of statistics the Bureau compiles. Steps have already been taken to have the Bureau of Mines assume responsibility for one survey, previously conducted by the Petroleum Administration for Defense, that the Department of Defense wishes to have continued.

The need for special statistical studies in connection with the work of the Oil and Gas Division may arise from time to time. Insofar as assembly of data for such work can be fitted into the Bureau's statistical program, the Bureau will assemble and compile the data. To meet special needs, it may be necessary at times for the Oil and Gas Division to assemble data of an unusual and transient nature that can not be provided by the Bureau. However, such data will not be in the nature of basic or historical statistical records, and will not duplicate the Bureau's statistics in any way.

SYNTHETIC-LIQUID FUELS

Mr. FENTON. We will insert at this point in the record the table appearing on page 31, on synthetic-liquid fuels.

(The table referred to is as follows:)

Synthetic liquid fuels

Subactivity	Adjusted appropriation	Decreases	Subtotal	Estimate, 1955	Increases	Page reference	
						Table	Justification
(1) Coal-to-oil research:							
(a) Hydrogenation	$767,600		$767,600	$767,600			32
(b) Gas synthesis	667,600		667,600	667,600			33
(2) Gasification: Coal-to-synthesis gas research	850,000		850,000	850,000			33
(3) Closing plants	250,000	250,000					34
(4) Oil shale:							
(a) Mining	218,000		218,000	218,000			34
(b) Research	476,800		476,800	476,800			35
(c) Processing	1,249,104	130,104	1,119,000	1,119,000			36
Total	4,479,104	380,104	4,099,000	4,099,000			

GASIFICATION

Mr. FENTON. On page 33 of the justifications it is stated that you have developed a commercially feasible process for gasification of powdered coal entrained in a mixture of steam and oxygen at atmospheric pressure. Why is it then necessary to spend $850,000 a year for more research at this time?

Mr. MCCABE. Dr. Fenton, an atmospheric pressure gasifier is being built for the Du Pont Co. for the production of synthetic ammonia. The cost of production of liquid fuels from coal at atmospheric pressure is too high. We feel that the further research we are doing on high pressures will lower the cost of production of gasoline and liquid fuels; that the work is justified. We are now considerably advanced in research on a 450-pounds-per-square-inch gasifier which will lower the costs of synthetic fuel production.

Mr. FENTON. You say in your justifications that a commercially feasible process for gasification of powdered coal, containing a mixture of steam and oxygen at atmospheric pressure has been developed by the Bureau of Mines.

Mr. MCCABE. We have now recessed any further research on that. We had a cooperative project with one of the engineering companies, and they furnished equipment for us and contributed materially to the cost of that work.

Now, that work is completed, and we have recessed it. We are no longer doing any work at atmospheric pressure.

Mr. FENTON. You will recall in the hearings last year it was repeatedly said that once the point was reached where research projects are considered commercially feasible they would be discontinued.

Mr. MCCABE. Yes sir; that is right; we have discontinued the atmospheric pressure work but it is only adaptable economically to the production of chemicals or ammonia which bring a much higher return than gasoline would for instance.

Mr. FENTON. You believe, then, that it is a continuing program?

Mr. MCCABE. Dr. Fenton, I believe that in synthetic fuels we do have a continuing problem until industry begins to pick up a process. The Secretary has recently said in a press release which I will turn over to you, if you like, saying in effect that the basic research to give us background for the development of a synthetic-fuel industry when it is needed, is properly in the sphere of the Department or of the Government to support, but at any time that a process becomes commercially feasible, that the Bureau should step out of it and that the development of large demonstration plants should be left to the industry to support.

CLOSED PLANTS

Mr. FENTON. I wish at this point you would put statements in the record justifying the closing of the Louisiana, Mo., plant and the Gorgas demonstration plant.

(The material referred to follows:)

STATEMENT ON CLOSING THE COAL-TO-OIL DEMONSTRATION PLANT AT LOUISIANA, MO., AND THE UNDERGROUND COAL GASIFICATION FACILITIES AT GORGAS, ALA.

REVIEW OF SYNTHETIC LIQUID FUELS PROGRAM

The Department and the Bureau have carefully reviewed the synthetic-fuels program in recent months and recommend emphasis on fundamental laboratory and pilot-plant research for producing liquid fuels from coal and oil shale.

This program reduces expenditures to approximately one-half of the average annual rate of expenditure on this work since the Synthetic Liquid Fuels Act was passed in 1944. The specific procedures recommended include the following:

1. Coal-to-oil research program

(*a*) Work should be continued on direct hydrogenation of coal and on the synthesis of liquid fuels from gasified coal within the Bureau's laboratory facilities.

(*b*) Pilot plants should be confined to small-scale facilities of the type needed to supplement laboratory work.

2. Coal gasification program

(*a*) Laboratory research and pilot-plant runs should be continued.

3. Oil shale programs

(*a*) No further large-scale mining development should be undertaken. The oil-shale mine at Rifle, Colo., will be operated primarily to supply material for the retorts. Development of a new mining procedure on paper is authorized for the current fiscal year.

(*b*) Laboratory research on oil shale should be continued at Laramie, Wyo.

(*c*) Retorting of oil shale at Rifle, Colo., should continue until the practicability of the Bureau's new retorting equipment has been reasonably demonstrated. Henceforth, work at Rifle will be confined to pilot-plant operations and engineering development. Large scale shale oil refining work has been discontinued.

The plans outlined are in keeping with the earlier decision to discontinue the operation of demonstration plants and to confine the Department's research and development programs to those that industry cannot be expected to undertake at this time. In addition, they follow the historic Bureau of Mines policy of dropping research and development projects as soon as they have reached an industrially competitive status.

Under authorization of the Synthetic Liquid Fuels Act, the Bureau of Mines has operated coal-to-oil facilities at Bruceton, Pa., Morgantown, W. Va., and Louisiana, Mo., and oil-shale installations at Rifle, Colo., and Laramie, Wyo. In cooperation with the Alabama Power Co., it also conducted a series of experiments on the underground gasification of coal at Gorgas, Ala.

In the future coal-to-oil research program, work at Bruceton will cover the direct hydrogenation of coal and the synthesis of liquid fuels from gasified coal, while the work at Morgantown will be devoted to coal gasification with laboratory research and pilot-plant operations.

Laboratory research and pilot-plant development work on oil shale and shale oil should continue at Laramie, where the Bureau's petroleum and oil shale experiment station is located, and at Rifle, where a Bureau-developed gas-combustion retort was completed early this year.

A paper study of a new mining system at Rifle is now in progress to determine whether sufficiently improved methods can be devised before establishment of a large-scale industry. Work on continuously operating retorts at Rifle should be continued to permit development of a reasonably satisfactory process for use by a commercial oil-shale industry.

CLOSING OF THE LOUISIANA, MO., DEMONSTRATION PLANT

The primary objectives of building the coal-to-oil demonstration plants were:

1. To show that American coals could be converted into liquid fuels using American techniques and equipment.
2. To make available to private industry the design and operating data necessary for determining the feasibility of converting coal into liquid fuels on a commercial scale.

Broadly speaking, the main objectives of the coal-to-oil demonstration plant were attained by the time the plant was closed down at the end of the fiscal year 1953. Several representative American coals, ranging from lignite through high-quality bituminous coals, were converted into synthetic gasoline. The gasoline produced was tested in automotive engines and was found to be satisfactory. The engineering data obtained from operating the coal-to-oil plant were carefully analyzed by the Bureau and by private industry to determine the feasibility of industrially converting coal into liquid fuels. These studies indicated that the processes demonstrated in the Bureau's coal-to-oil plants were technically feasible, but that several years of laboratory and small pilot-plant research were needed before further development on the larger or demonstration plant-scale would be desirable. It was indicated, however, that the processes might have immediate economic value if they were used solely for the production of chemicals, in contrast to the production of low-value liquid fuels. Indeed, the chemical industry is actually using processes similar to the coal-to-oil plant for making chemicals from coal. When coal is utilized for the production of liquid fuels in this country, vastly improved processes for making the conversion will be employed. The Bureau is concentrating on basic research and pilot-plant work from which will evolve the new processes needed for producing liquid fuels from coal economically.

CLOSING OF THE UNDERGROUND GASIFICATION PROJECT AT GORGAS, ALA.

It was with great regret that the Bureau of Mines was obliged to discontinue the research on underground gasification at Gorgas, Ala. The data available at that time indicated that underground gasification of coal had definite economic possibilities. However, appropriations were not available in fiscal year 1954 to undertake the larger scale research necessary to evaluate these possibilities. The data obtained thus far have been carefully evaluated by the Bureau.

Reevaluation of the data and the development of new techniques which could be applied to underground gasification indicate that it is advisable to consider

additional work on underground gasification when the budget will permit. Careful thought is being given to this subject and it is being explored thoroughly with the Department and with the coal industry.

PROGRESS OF SYNTHETIC LIQUID FUELS RESEARCH

Mr. FENTON. You are now continuing, as I understand it, work at Morgantown and Bruceton?

Mr. FORBES. And Laramie and Rifle, those four spots.

Mr. FENTON. Just what progress has been made this past year towards the reduction of cost?

Mr. MCCABE. I would like to show you a chart that I have here.

Mr. FORBES. I think it would be quite worthwhile to take a look at these charts.

Mr. FENTON. I want a statement regarding the progress made in the last year in developing oil from coal. Also I would like to know the possibility of commercial interests taking this over and how soon.

Mr. FORBES. We will be very happy to assemble that information and insert it in the record, Doctor.

Mr. FENTON. In other words, we want clarification of the situation we got into last year.

(The requested information follows:)

PROGRESS OF SYNTHETIC LIQUID FUELS RESEARCH

Two major parts of the cost of production of synthetic liquid fuels, chemicals, and of high B. t. u. gas from coal are the cost of mining and gasifying the coal. All processes for the manufacture of these products from the coal include the production of hydrogen or mixtures of hydrogen and carbon monoxide. The cost of compressed hydrogen is about 40 percent of the total cost of the liquid product produced by hydrogenation of coal, and the cost of synthesis gas is about 70 percent of the total cost of liquid products produced by the hydrogenation of carbon monoxide (Fischer-Tropsch and related processes).

In recent years, developments in mechanized mining and loading of coal in the United States have been accelerated by the construction and testing of several types of machines. A completely mechanized mine produces 10 to 12 tons of coal per man per shift as compared with an average of 5 to 6 tons for all coal mines in the United States. The resultant decrease in cost per ton of coal at the mine would be about $1.50, which would decrease the cost of synthetic gasoline from coal by about 1.5 cents per gallon. It is expected that additional improvements in mechanized mining of coal will further reduce the cost of mining. An alternate procedure, which avoids mining of coal, is underground gasification. However, the engineering problems in controlling the burning of an underground bed of fuel so as to produce gas of uniform composition have not yet been solved. Results obtained by the Bureau of Mines in cooperation with the Alabama Power Co., at Gorgas, Ala., show the necessity of further work on a considerably larger scale before significant conclusions can be drawn concerning the operability of and cost of underground gasification of coal to produce synthesis gas. This problem is of critical importance to the synthetic liquid-fuel program.

Despite a vast amount of work on both a pilot-plant and a commercial-plant scale in Europe and the United States, only one fully engineered and proved process for gasification of coal under pressure (20–30 atmospheres) is available. This is the Lurgi process, using sized, noncoking coal, steam, and oxygen. An appreciably lower cost of synthetic fuels is achieved by producing hydrogen and synthesis gas at about 30 atmospheres using oxygen rather than at 1 atmosphere using air, despite the added cost of the oxygen.

At Morgantown, W. Va., the Bureau made important strides toward perfecting a gasification process for producing synthesis gas from coal, by reacting pulverized coal, pure oxygen and steam at atmospheric pressure. Data needed for designing and operating large-scale industrial installations were obtained. A commercial plant, similar in principle to the Bureau's pilot plant, is now being constructed by one of the major chemical companies for the production of ammonia.

While this process as now developed is suitable for producing chemicals such as ammonia, it is too costly to be used for the production of liquid fuels which have a comparatively low market value. The Bureau is placing major emphasis on developing equipment and techniques for gasifying coal under 30 atmospheres pressure in contrast to operations at atmospheric pressure. If successful, this research will eliminate the need for compressing the huge volumes of gases derived from the coal and the savings in compression costs will bring nearer the day when coal can be economically used for the production of synthetic liquid fuels.

Laboratory tests are in progress on a gasification procedure in which metal oxides replace the oxygen used in existing processes. These metal oxides can be regenerated by the use of air in a separate step. Preliminary cost estimates show the possibility of a substantial reduction in cost of production of synthesis gas. The design, installation and operation of a pilot plant will follow as soon as adequate information concerning optimum conditions for this type of gasification are available from the laboratory research.

The electrocarbonization technique was used in initiating an underground gasification experiment at Gorgas, Ala. By applying an electrical current between two electrodes about 150 feet apart and driven vertically from the surface to the coal bed, it was possible to open passages through the coal bed and to start combustion underground which was followed by regular operation of the gasification system. A gasification run was made using oxygen, and other tests using alternate blasts of air and steam were made also. This last procedure resulted in the production of gas of fairly high heating value over a long period. Upon concluding these preliminary experiments, it was decided to terminate work on underground gasification until adequate funds are appropriated to continue the experiments on the larger scale necessary to obtain industrially significant engineering data.

The major chemical difference between coal and petroleum consists in the higher hydrogen content of petroleum. Two types of processes for conversion of coal to oil are being studied. Direct addition of hydrogen at elevated temperatures and pressures yields an oil similar to petroleum. This oil can be further refined to produce marketable motor fuel. Development of a new, one-stage coal-hydrogenation process is in progress in the Bruceton, Pa., laboratories of the Bureau of Mines. The Bergius or conventional coal-hydrogenation process, requires the conversion of coal to liquid fuels in two stages—a liquid-phase operation, followed by a vapor-phase operation. Successful development of the new one-stage process offers promise of substantial economies in the production of liquid fuels from coal. The new process is at present in the bench-scale phase. In the first continuous pilot plant unit runs covering several days have been made with high, steady yields and with low consumption of hydrogen. A second, and somewhat larger pilot plant has been engineered and is now undergoing initial experimental operations. Many difficult engineering problems must be solved before the operability of the new process is established.

The development of the one-step hydrogenation process was made possible by laboratory studies of catalysts for the reaction of coal with hydrogen. This work is continuing.

In the second type of coal-to-oil process the coal is gasified to produce synthesis gas, a mixture of hydrogen and carbon monoxide. Special catalysts have been developed which direct the hydrogenation of the carbon monoxide so as to produce chiefly liquid hydrocarbons which can be refined for use as motor fuel. The outstanding nature of this catalyst development was recognized by the American Chemical Society in March 1953 when the Ipatieff Award was given to Dr. R. B. Anderson of the Bureau of Mines, Bruceton, Pa., laboratories. During the hydrogenation of carbon monoxide a large amount of heat is evolved which must be quickly and efficiently dissipated. The major engineering problem in the pilot plant development of this process is that of heat transfer. At Bruceton, Pa., different methods of operating the synthesis are being critically examined in pilot-plant operation. Substantial savings in cost of the synthesis have been achieved by development of cheaper and more durable catalysts, and by improved and cheaper auxiliary steps in these processes, such as removal of carbon dioxide from the feed gas and from the recycled synthesis gas.

The research on oil shale now in progress at the Bureau of Mines stations at Laramie, Wyo., and Rifle, Colo., consists of three major programs, namely:

1. Investigation of the physical and chemical properties of kerogen, the waxy organic matter present in oil shale.
2. Pyrolysis or retorting of oil shale.
3. Refining of crude shale oil.

The chemical structure of kerogen is relatively unknown and many years of laboratory research will be needed to elucidate it. The objective of such research is the development of improved and cheaper procedures for conversion of this organic matter to motor fuel.

Two types of retorting are being studied: (1) That at 900°–1000° F. using direct heat exchange between a bed of 3-inch by ¼-inch pieces of oil shale and hot gas prepared by combustion of byproduct gas and coke in the spent shale; and (2) that at 1200°–1300° F. using the same mode of heat exchange, with ¼-inch by 0-inch particles entrained in the hot gas. The first type of retorting is being developed in vertical retorts with downflow of oil shale and upflow of air and gas. The crude oil forms a mist and fog in the cold upper portion of the retort. The optimum conditions for the mist formation are being sought by a systematic study of the many variables involved, such as rates of flow of recycle gas and air per ton of shale, the rates of heat transfer in the top section of the retort, and the number and distribution of nuclei for the fog and mist formation.

The second type of retorting is being developed in a horizontal tubular 3½-inch I. D. reactor followed by hot cyclones for separation of the gases and vapors from the entrained solids. In the design of subsequent pilot plants with direct heat exchange reactors of larger diameter with refractory linings probably will be used.

Engineering data on the operability and cost of both types of retorting are being obtained. Both of these factors, operability and cost, must be within a reasonable range to provide the groundwork for industrial development.

Several types of procedures for refining crude shale oil are being studied. Because of the high nitrogen and sulfur content of this oil, refining procedures currently employed by the petroleum industry are costly when applied to shale oil.

COAL HYDROGENATION

Mr. McCABE. Now, on these charts, Mr. Chairman, is the conventional coal hydrogenation process that the Bureau has been working on at Bruceton; it will be interesting to compare this with the next chart to follow. The primary problem in making synthetic fuels from coal is in adding hydrogen to coal. That is how coal and oil differ. The coal is essentially lower in hydrogen and when hydrogen is added to coal a liquid product is formed from the coal. That is our major problem, getting hydrogen into this complex hydrocarbon mixture that is coal.

Now, in the usual hydrogenation process that the Bureau has employed over a period of years the fine coal is mixed with a paste which comes off along the line and is fed in here. This feed goes into a converter and in turn goes to a further converter where a gas is separated off. In this process hydrogen, part of the gas, the hydrogen fraction of the gas is taken off and fed back again to give the hydrogen that we need.

That goes on through a further conversion step and we get these products here, the liquefied petroleum gases, gasoline, and fuel oil.

Now, in this one-step hydrogenation process that I stated last year that was coming along, has eliminated these steps in here, this separator, all these items outlined in red here, in the equipment are now out. That means a considerable saving in energy and saving in plant investment which would be reflected in a cheaper cost of the liquid fuel. As you can see in the next chart, there is a great simplification of the equipment layout and the flow sheet in the one-step process. It is rather interesting that in this new process we get a rather high-quality gasoline and at the same time we get high-heating value gas. We get high B. t. u. gas. We feel probably in not too many years in the future, we are going to need to supplement our gas line because of increasing price and the existing commitment of natural gas everywhere. We believe coal will come into that picture

even before synthetic fuels are needed. The vice president of one of the gas companies said that in 5 years he would not be surprised to see the demand for high B. t. u. gas to supplement the gas pipelines coming into the North. This process is rather interesting from that standpoint.

Now, last year we had this developed to where this equipment was one-eighth inch in diameter. We have a small tube on the bench, one-eighth inch in diameter, and we are now operating at pressures of around 7,500 pounds per square inch at temperatures up to 500° C. But we are scaling up. We are going up to a slightly larger scale because in this way we learn more about how to handle material. One of our problems in operating at these high pressures and high temperatures is getting coal fed into the high-pressure vessel. That means developing valves and equipment. Then there is the problem of flow of materials and actually the erosion caused by this flow. Those are some of the problems we run into in this type of research.

Mr. FENTON. This one-step process is the only research you are using now in the hydrogenation work?

Mr. MCCABE. We have the gasification research where we gasify the coal to produce hydrogen and carbon monoxide and then react these gases to make gasoline. There are those two processes. These are both being done at Bruceton on a small scale. As the gasification processes scale up, we will take them to Morgantown for somewhat larger scale operation if the processes appear promising. Of course, many of these efforts are discarded as we go along. As we learn more, new ideas come, and old methods are discarded. We would not build this conventional type hydrogenation pilot plant on a bigger scale because we have gotten rid of all these portions of the process.

Mr. FENTON. Will you identify that for the record?

Mr. MCCABE. Conventional hydrogenation is on this chart, and this other the one-step coal hydrogenation chart.

HYDROGENATION PILOT PLANT

Mr. JENSEN. How many pilot plants do you have that are now experimenting with hydrogenation and gasification of coal?

Mr. MCCABE. We have only the one plant now in Pittsburgh that we are actually operating on hydrogenation.

Mr. JENSEN. How long have you operated that plant?

Mr. MCCABE. This small bench-scale unit has just been in operation about a year. The new scale has just now come on to operation.

Mr. JENSEN. How large a plant is that?

Mr. MCCABE. About 2 inches in diameter. A very small plant, handling a matter of a quarter of a ton of coal a day.

Mr. JENSEN. Can you tell us now that this one-step coal hydrogenation process will finally prove to be economically feasible? That is, can you bring the price of this process down to where the gasoline and fuel oil produced will compete favorably with pumped oils?

Mr. MCCABE. I believe so. We have, of course, not gone far enough along to assign a certain cost per gallon to do this. We are not scaled up large enough to get the cost data and because these small-scale units have operated such a short time. We operate a short time, an hour or 2; we run into difficulties and close down. We must go to larger scale to get operating data, evaluate manpower

requirements and equipment costs and so on—run them a month or two—as we scale up we see a great deal of promise in this approach.

Mr. JENSEN. Looking at that chart showing the one-step hydrogenation process, it appears to be quite a simple process. That is, it does not appear that your machinery would be of a prohibitive cost. And how long does it take to process a ton of coal with this little pilot plant?

Mr. MCCABE. This would probably handle a ton in 4 days. The plant that is now being set up.

Mr. JENSEN. From that experiment do you calculate that plants of a large scale will make this process feasible and competitive to a marked degree?

Mr. MCCABE. We believe that but we will want to scale this up to a larger scale plant. There is some argument among engineers about how big you have to scale up. It depends a great deal on the process in which you are involved in as to how big a plant you must build.

We feel that we might have to scale this up to perhaps 5 to 10 tons a day to really get accurate cost data. Ultimately we may want to come to that kind of a scale at Bruceton, or at Morgantown.

Mr. JENSEN. If you can process a ton of coal a day with a little miniature plant such as you have in operation now, would you say that if a plant is built many times larger, you could process that many times as much coal in the same length of time?

Mr. MCCABE. In some processes you can say that. In new things of this sort, for instance, if you enlarge this 100 times——

Mr. JENSEN. How large is it?

Mr. MCCABE. About 2 inches in diameter as it is now scaled up. But if we would go to 5 or 6 feet, the behavior might be entirely different than in a small tube. We find that the flow of materials and their reactions are quite different in a bigger vessel. This is experimental. This is not something that you can write a formula for. That is the reason we have to scale up.

Mr. JENSEN. Then you might. In a tube of that size the behavior of the process could be entirely different than in the small, miniature plant that you are now experimenting with.

Mr. MCCABE. It might be quite different.

Mr. JENSEN. If you found that this particular tube, if held down to maybe 3 feet, and the action in that tube would be comparable to what you are now experiencing in that small tube, could you not build a number of the smaller-sized plants and do the processing at a feasible price? You would not have to do it all in one machine. You could have hundreds of machines in one plant; could you not?

Mr. MCCABE. It might work out that way. I think an example of what you are stating occurred in the Carthage hydrocoal plant where the scaling up was from a small laboratory scale to a very large production scale. There was one converter in that case and when the commercial plant was started there were all sorts of engineering difficulties.

Now, the general opinion is that if Carthage is rebuilt there may be a great many converters and they will get better results and more economical operation. That is why we would scale this up through 2 or 3 larger steps than we now have.

Mr. JENSEN. To the point where you discover by experience, this is as large as you dare go, and still retain the hydrogenation process.

Mr. MCCABE. That is right. The most economical and the cheapest process we can develop.

Now, it is our feeling that we do not need to demonstrate to the last state of perfection what size is the best. If we get up to one that is in the right range, we feel then we can recess our work. Of course, if industry is following this and working with us so they know what is going on, quite often they will pick these things up in an early stage.

Mr. JENSEN. They work with you all the time, do they not? Do they not know what you are doing all the time?

Mr. MCCABE. Yes, sir; that is so.

Mr. JENSEN. You give them access to all your experiments?

Mr. MCCABE. Yes, sir. That was the history of the atmospheric pressure gasifier.

Mr. JENSEN. Do they also give you access to their experiments?

Mr. MCCABE. We have periodic meetings with them. They present their information and we present our information and they review our work and comment from their experience.

Mr. JENSEN. What materials is the machine made of?

Mr. MCCABE. It is made with a stainless steel alloy.

Mr. JENSEN. It will not corrode?

Mr. MCCABE. That is one of our problems in materials and we are getting materials now that give us rather long life. That is, of course, part of the evaluation.

Mr. JENSEN. If by some process you can produce gas, gasoline, and fuel oil out of coal, it is going to be a great asset to coal regions that are now losing their business to other competitive fuels. I certainly hope that you leave no stone unturned in your working toward the end of finally perfecting that process. This committee has, I am sure you will agree, been quite liberal in appropriating money for pilot plants.

Mr. FENTON. May I ask, before you take that chart away, in the one-step coal hydrogenation process, coal is placed in the crusher, then it goes down to a mixing vat?

Mr. MCCABE. Yes, sir; that is right.

Mr. FENTON. What do you put in that vat besides the coal?

Mr. MCCABE. In the first chart, we mixed a tar or a residual oil that came off along the process here, marked "pasting oil". You see, that step was eliminated here. What we are doing here is taking a lighter oil off here and bringing it back.

Mr. FENTON. What I am trying to get at is, do you add hydrogen in that mixture?

Mr. MCCABE. No, sir; it comes in here; as we go through the process there is this separator here. We take out solids and bring hydrogen up to the upper part here. It is skimmed off and put in the process.

Mr. FENTON. You do not add any hydrogen; the hydrogen is taken out of the coal?

Mr. MCCABE. What I might say to clarify that, we get about 60 percent yield in terms of energy from the coal in gas or gasoline, so the rest of it is used in the process.

Mr. JENSEN. Is it necessary to pulverize the coal?

Mr. McCABE. Yes, sir. You get a quicker reaction, a better reaction from fine coal.

Mr. JENSEN. The pulverizing of coal is a minor job, is it not?

Mr. McCABE. That is not a problem any more. We have good industrial equipment for pulverizing coal.

Mr. FENTON. Then the pulverized coal is heated?

Mr. McCABE. Heating time, diameter of reactor, and time of reaction. The whole object is to get quick reaction time in the least expensive equipment we can build. In other words, get great capacity out of the equipment.

Mr. JENSEN. That is very interesting.

Mr. McCABE. Of course, as you appreciate, if you see Bruceton, this is oversimplified; the layout at Bruceton would have all the valves, controls, charts, and so on.

Our feeling is that if we can develop basic information that will give the industry something to build on, we do not need to get into this argument about when synthetic fuels are going to take over. We feel that when the economics are right the industry will begin to get into it. They are beginning to get into coal chemicals and they are making synthetic ammonia. Those are the beginning steps and if the gas industry comes along and needs high B. t. u. gas, that is a further step. When industry thinks we have something that will be competitive with natural gas delivered in the East it will take hold. Somebody was telling me that in Pittsburgh in the current rate for gas of 50 cents per thousand for domestic use may soon be 85 cents—when we get into that kind of cost, we begin to think of synthetic gas for delivery to the extreme end of the natural gas pipelines. That is what we anticipate will develop. We do not want to get ourselves in the position of saying that 3 years from now we will be ready to compete because then we get into these economic arguments that cause all the friction over the Government's research. If we can provide basic data and keep everybody informed and working with these ideas, we feel that in the natural course of things that the economics will assure use of the information. In time of war, it is somewhat a different problem if we are in short supply.

Mr. BUDGE. Doctor, this may sound a little naive, but actually, the end product you are attempting to arrive at is something which produces energy, is that right?

Mr. McCABE. Yes, sir; that is right.

Mr. BUDGE. Now, as I understood you a few moments ago, under this process you loose some 40 percent of the energy which is already in the coal.

Mr. McCABE. That is right.

Mr. BUDGE. Then what do we gain?

Mr. McCABE. We change the form. We have gone to automobiles which require liquid fuels and we pay this price in energy in converting coal to the liquid.

Mr. BUDGE. Actually, you are taking coal and running it through this process and losing 40 percent of the energy which is already inherent in the coal.

Mr. McCABE. That is true, sir.

It would not be near this in refining petroleum. There is something like 10 percent energy consumption in refining as the crude is broken

down to the various fractions; heat is required, and energy is required in operating compressors and other equipment.

Mr. BUDGE. It seems to me that the better field of investigation would be to find some way in which coal can be utilized where you get 100 percent of the energy that is in the coal rather than 60 percent.

Mr. MCCABE. Your major problem in the use of coal is this one here, getting rid of waste solids. People do not want to have to handle solids by hand or even by mechanical equipment and getting rid of ashes is a problem. Of course, we have the automobile developed to the point where we must have liquid fuels. You could conceivably develop an engine—it has been done—to operate with powdered coal but you always have the problem of wear. Dust collects in the cylinders; so the general belief is that the best way to get around those difficulties is to go to liquid fuel, and accept the cost of doing it.

Mr. BUDGE. It still seems to me we are losing 40 percent of our energy which is the end result that you are trying to produce from this process.

Mr. MCCABE. Yes, of course. Look at engines, too. Take the old railway steam engine with 5 percent efficiency. There again is great improvement. Over the years we go along making improvements. Our gross national product increases about 3 percent a year, but our energy cost of producing all goods and services is only 2 percent increase a year, so every year we make 1 percent improvement in the efficiency of our energy use in the country. So the equipment people are coming along, too. The locomotive people are developing coal-burning gas turbines, but they have had difficulty in the corrosion of the turbine blades after the coal is burned. There is no problem in getting the energy release and getting high recovery of energy but the ash cuts the turbine blades all to pieces. They have not been able to whip that yet.

FUNDS APPROPRIATED FOR THE SYNTHETIC LIQUID FUEL PROGRAM

Mr. FENTON. This research program on synthetic liquid fuels was stepped up during the war, and the Congress appropriated many millions of dollars. I wish at this point in the record that you would insert the amount of money that has already been expended for synthetic liquid fuels.

Mr. MCCABE. I checked that yesterday. This is a round approximation. Our authorization currently is for $87 million, and we expended over the years since the act came in, $77 million of that. So we have still authorized $10 million that may be appropriated by the Congress under the authorization.

Mr. BUDGE. Dr. Fenton, I would like to say I have no quarrel with the research program at all. I am simply inquiring to see if we cannot channel the efforts of the Bureau of Mines into some field of research where we get 100 percent of the energy out of the coal rather than 60 percent. I certainly think that the research should be utilized and would favor the research program.

Mr. FENTON. I wish you would insert, as I said before, the amount of money, the authorization, and so forth.

(The information requested follows:)

Summary of appropriation and obligations, 1945–54

Fiscal year	Appropriations [1]	Obligations [2]	Construction [2]
1945	$5,000,000	$2,596,601	
1946	7,000,000	5,576,360	
1947 [3]	5,250,000	9,975,832	
1948 [3]	7,000,000	9,333,961	
1949	14,150,000	5,887,500	$3,280,000
1950	9,750,000	7,148,775	1,671,369
1951	8,353,280	7,740,502	605,204
1952 [3]	7,634,272	7,292,375	3,438,247
1953	10,035,304	7,272,168	280,177
1954 (estimated)	4,679,104	4,479,104	306,879
Total	78,851,960	67,303,178	9,551,876
		76,855,054	

[1] Does not include excess power appropriation.
[2] For the years 1945–48 obligation accounting of construction is not shown separately.
[3] For the years 1947, 1948, and 1952 funds were obligated under contract authorizations previous to actual appropriations.

Mr. FENTON. You still have money from the authorization?

Mr. MCCABE. Only as it is appropriated by the Congress. The act expires in April 1955, and of course we must have the money appropriated by the Congress even though we have the authorization.

Mr. FENTON. Where does the money show up in the justifications? I mean on that particular $10 million that is left.

Mr. MCCABE. I do not recall, Dr. Fenton. In 1953 fiscal year we had about seven and a half million dollars, I believe, appropriated by the Congress for that year. Then we closed Louisiana, Missouri, and the Gorgas work which brings us down to $4 million a year now.

We have been running at a rate of about eight and a half million dollars a year on an average. Now we have reduced that program to approximately half.

OIL SHALE RESEARCH

Mr. FENTON. What about the other methods of research?

Mr. MCCABE. There are two charts on the oil shale that I would like to show you briefly.

Mr. FENTON. What about your gas synthesis first?

Mr. MCCABE. We are going ahead with the gas synthesis work at Morgantown, working on high pressure gasification of coal there. That work is progressing and the new Morgantown station will be finished toward the end of this fiscal year or early next fiscal year. Then we will move from university property over to the new station to begin work in the laboratory there.

Mr. FENTON. We visited the Laramie experimental station last fall, in September. We were discussing the Rifle plant. The statement was made here that you were within 2 cents of making the process commercially feasible. There was some discussion which took place in contradiction to those figures.

Mr. MCCABE. Yes, sir.

Mr. FENTON. At Laramie they said they were experimenting at the present time with a method which is 10 years ahead of the method being tested at Rifle.

Mr. MCCABE. Every argument we have gotten into on synthetic fuels hinges around cost because it is such a difficult thing to get hold of. Each estimate contains several assumptions which may or may

not prove out in practice. If these are not in agreement with the experience of the man who has a different point of view, then the argument starts. We may disagree over the rate of return, for instance. We may figure it at 6 percent, but the industry says that it must have before taxes 15 percent or in chemicals considerably more than that. I do not believe the Laramie people, while I think they have a very promising process, they are not scaled up far enough to give you an accurate cost figure at this time.

They do have an encouraging development there at Laramie.

Mr. FENTON. They claim a superior grade of gasoline can be produced more rapidly in larger quantities through their process than is now accomplished by our larger scale plants.

Mr. MCCABE. The products they are getting are the more desirable, but then again they are working on a small scale. I think it ought to be scaled up somewhat to give us a good economic background. They are yet too small to accurately evaluate the cost.

Mr. FENTON. As you know, from the testimony given last year, we were thinking very seriously of putting Rifle in standby position.

Mr. MCCABE. Yes, sir.

Mr. FENTON. We were led to believe that by so doing we would not injure the program; that this simpler process Laramie is working on would solve the problem, more so than Rifle. Now you people in Washington are bosses along that line. We are just sitting across the table wondering why those differences should occur.

Mr. MCCABE. Could I say a word off the record for just a moment?

Mr. FENTON. Yes.

(Discussion off the record.)

Mr. JENSEN. We had better go on the record.

Mr. MCCABE. At Rifle, something like $8 million has been spent in developing the retorting process up to its present stage. We are now in a position where we have the retort built and have been operating it for 3 or 4 months. We should certainly continue to operate that retort until we have the engineering data out of it.

Mr. JENSEN. What do you anticipate that retort will prove?

Mr. MCCABE. It will demonstrate the type of product and will give us a product that research can be done on refining by the industry. It will give us cost data for that process.

Mr. JENSEN. But you have no assurance that that process, even after that retort is in operation, will compare favorably with the process used at Laramie.

Mr. MCCABE. Laramie is a fundamental laboratory to feed ideas to Rifle for development and as they are a basic research laboratory, they do things on a very small scale. Certainly we have got to scale the Laramie process up to determine its effectiveness and just what it is going to cost. In the meantime, while that is going on, we have got a process here that we have been developing over the years that is certainly workable; it gives us a crude oil that could be refined.

Now, it seems to me that it is desirable to finish that work out and then we have a process that is operable if we need it suddenly.

Mr. JENSEN. But that process is not as good as the process that you use at Laramie.

Mr. FENTON. You have admitted that the type of a gasoline produced by the process at Laramie is much superior to the Rifle process.

Now, do you think private industry would pick up a process that is admittedly not as good as the Laramie process?

Mr. McCabe. I think that is correct, Dr. Fenton, but I do not believe that we have engineering data yet at Laramie for industry to pick up that process. We are at a stage at Rifle where industry could evaluate the process once all this retort data is in. That is the process, by the way, in which the Petroleum Advisory Council was pretty closely in agreement with us on cost; the present Rifle process.

Mr. Jensen. Now you say the little plant at Laramie has not yet proven that that process can be successfully used on larger scale? I believe you said that or intimated that.

Mr. McCabe. We do not have the engineering data necessary to design a plant. If you are going to design a plant tomorrow, somebody would have to build a bigger pilot plant to get the design information for building an operating plant with the Laramie process.

Mr. Jensen. Now, are you using, are you gradually adopting the process which you use at Laramie to your plant at Rifle?

Mr. McCabe. No, sir.

Mr. Jensen. They are separate and distinct?

Mr. McCabe. Later, when the research at Laramie is further along, we might come in and ask for funds to scale that up to a small pilot plant scale.

Mr. Jensen. You mean to say that the plant at Laramie is so small that you have not yet determined that process to be feasible or a better process than the one with which you are experimenting at Rifle?

Mr. McCabe. It gives us a better product than the Rifle plant but we do not have the engineering information and they are not scaled up to give us the engineering information for design of a bigger plant. That would have to go through a larger pilot scale.

Mr. Jensen. You have separate chemists and metallurgists and scientists working at the different plants?

Mr. McCabe. Laramie feeds ideas in basic research and small-scale development to Rifle. They interchange their information very much. But the Laramie plant——

Mr. Jensen. Very much? Do they not exchange it completely?

Mr. McCabe. Yes, sir.

Mr. Jensen. They are not trying to keep secrets from each other, are they?

Mr. McCabe. No, sir. As a matter of fact, there is usually 1 or more men exchanged between the 2 stations all the time. We have periodic meetings of the groups to go over and review the 2 programs or phases of the 2 programs with them.

Mr. Jensen. You know, this committee, as I have said before, and the Congress, has been very liberal in appropriating money for all these experiments: coal and shale and every kind of mineral one could imagine. But naturally, we do not want to spend money if it is not necessary. We do not want to waste money. I do not think you have quite proven to this committee yet that the expenditure at Rifle henceforth will be money well spent due to the fact that you have already got a process at Laramie that from every indication is a much better process than the one used at Rifle. Where does that leave the committee?

Mr. McCABE. Mr. Chairman, I think that inasfar as we have put money into the retort at Rifle, it is a good step forward. It is far better than any retort that has been built that we know of. We should complete that work; to tie that research up we should complete it.

Mr. JENSEN. What do you anticipate you will find after you complete that work? Are you sure of anything? Are you sure that by utilization of this new retort that it will prove to be a method that will be better than the one you are using at Laramie?

Mr. McCABE. The difficulty with any of these engineering processes is that we run into troubles along the way, mechanical troubles, process troubles, and so on, that must be worked out. If these problems were quite easy, of course we would not have to spend the money that we do on them. But here is a process that we have almost completed at Rifle. The costs are within reasonable reach of commercial gasoline production. We have cut out all the——

Mr. JENSEN. You mean in quantities. You have got it now to the point where the process at Rifle in quantity amounts will be very nearly competitive with other fuels?

Mr. McCABE. Yes, sir. We believe that we have a process coming on at Laramie that perhaps, if it has the same history, will go through 7 or 8 years of development to bring it up to the present stage of Rifle. There is no question but that it is a more promising thing; that is what we learn by research. Research people at Laramie have undoubtedly contributed a great deal to those ideas, but we should, I think, in the interest of economy, complete the work on the new retort at Rifle and then recess it.

Mr. JENSEN. Why don't we bring the work at Laramie up faster instead of just letting it drag along and spending so much money at Rifle? Why do we not put our emphasis on the process at Laramie, which from all indications is going to far outdistance the process now being used at Rifle? It would seem to me that since you are quite certain that the process being used at Laramie is much advanced over the one used at Rifle, that we should be putting most of our emphasis, if not all of our emphasis, on improving and building up and going forward as rapidly as we can with the Laramie process instead of spending so much money at Rifle, and letting the Laramie process just drag along. I just cannot quite square my thinking with the spending of all this money that we are asked to spend at Rifle when we have a known better process which has been developed at Laramie. I cannot square it with common ordinary business sense.

Mr. FENTON. Of course, as I view the matter at this point, your source of supply is at Rifle. That is where the Laramie Laboratory gets its supply of shale. You have that insignificant amount compared to your processing research. Is it possible to transfer this research you are doing at Laramie to Rifle?

Mr. McCABE. That would be the way we would have to do it, Dr. Fenton, for this reason, the amount of raw material required is so great that it will not be economical to ship shale over to Laramie. We have not the space there on the university campus to run a process like this.

Mr. FENTON. That is as I viewed the situation when we were there.

Mr. McCABE. Ninety percent of our material is spent shale and it can be thrown away at Rifle.

Mr. FENTON. It would mean you would have to put the material, the source of material——

Mr. MCCABE. When we start to scale up the Laramie process, we will have to do it at Rifle where we get raw material and where we can dispose of spent shale. There is no community to be offended by the operation at our Rifle site.

Mr. FENTON. You claim that the process at Laramie has not progressed far enough on this to establish a real demonstration plant?

Mr. MCCABE. No, sir; it should be scaled up larger, Dr. Fenton, I think, to demonstrate the economics of it.

Mr. FENTON. Have we not reached that point?

Mr. MCCABE. It is a very small, just small laboratory scale now. It ought to go up to a scale of one hundred tons a day or so to work out the problems you get into in operating big equipment.

Mr. FENTON. You cannot do that on those university grounds at Laramie. You have got to transfer the works, I think, to Rifle, to do the work.

Mr. JENSEN. I am not particular where the work is done. I have no interest in that.

Mr. FENTON. So that a standby at this time would not be very wise. We want it kept because I think the Rifle plant is a wonderful institution. But having two divergent views that we have, we ought to get together on the problem and certainly get the simplified and better process.

Mr. BUDGE. Doctor, as I understand the situation, the Laramie process has already been proven superior to the one at Rifle. Yet, when you were before the committee last year you testified as follows: First, you said that when you reached the point where industry could take over, that you felt that industry should take over.

Mr. MCCABE. Yes, sir.

Mr. BUDGE. You said:

> Industry and the Bureau are very close together on what they figure it will cost to make gasoline. Now, we are within a cent of each other. Industry has indicated in a recent report 2 weeks ago that gasoline can be made at 14.9 cents a gallon at the refinery.

Now, if you are within 1 cent of industry at the obsolete plant at Rifle and you have already developed a better process at Laramie, when you are only 1 cent away with the obsolete process, why isn't it time for industry to take over?

Mr. MCCABE. Of course, those cost data were based on our present retort which we have not thoroughly worked out. Could I just show you one of the problems of the Laramie retort or Rifle retort that is still a very difficult one?

Mr. BUDGE. Where did you get this figure you gave the committee last year?

Mr. MCCABE. That was based on an evaluation of this process while it was just starting up, assuming that we would not run into any problems we could not solve.

Mr. BUDGE. You did not have the retort at the time you reported to the committee last year?

Mr. MCCABE. We had a previous retort similar to this on a smaller scale. We start with the assumption that this retort would operate and give us this kind of cost data.

One of the problems of this retort right now is maintenance or operation of this burner. Since this drawing was made, this burner has been taken outside the retort and the gas is burned there to provide heat to the shale because this burner may corrode or burn up in a very short time. Now, that is why we feel that we need to solve that kind of a problem. If we could get this problem solved in a reasonably short time, then we have a process that anybody may take up and operate. Assuming somebody wanted to get into business right now, they certainly would not take this process unless there is some extensive pilot-plant work done on it. Even the entrained solids oil-shale treating process is only in early stages of development.

Mr. BUDGE. I do not want to prolong it any further. I just cannot see, if industry is ever going into these things, why, when you have an obsolete process, that takes the Bureau within 1 cent of the oil industry, and you have a better process now at Laramie, that any justification exists for continuing spending money on what has already been proven by the Bureau itself to be an obsolete process.

PRODUCTION OF ALUMINA

Mr. NORRELL. You know in your alumina plant at Laramie that you can produce alumina. You do that every day, do you not?

Mr. FORBES. Alumina plant, Congressman.

Mr. NORRELL. You know you can produce alumina at your Wyoming plant at Laramie, you know that, but the cost of making alumina must be brought down in order that industry will take it up and make aluminum. Is that correct?

Mr. FORBES. That is correct.

Mr. NORRELL. Therefore, what you are confronted with is finding cheaper ways and means of making alumina from your rock or shale there at Laramie. Am I correct on that?

Mr. FORBES. That is correct.

Mr. NORRELL. Now, that has always been your problem there, finding cheaper ways and means of doing a job. What success have you had since you started your operations at World War II? Have you found any cheaper ways and means of doing the job?

Mr. ZINNER. We are operating the plant now on a 30-day continuous run, the first continuous run that has been made. Previous to this time we have operated various sections of the plant independently. We did that for two reasons: First, there were mechanical bugs in the plant to be eliminated; and second, we did not have a large enough crew trained in the technology of this type of operation. Just recently we reached a point where we could make a continuous run. We are making alumina.

We have shipped several carloads of alumina from the plant.

Mr. NORRELL. What is the cost of making alumina in any quantity you desire to use, from the rock there.

Mr. ZINNER. We cannot answer that yet. That is the information we hope to have at the end of this fiscal year.

Mr. NORRELL. I think that is one thing that the committee would like to know as soon as we can.

Now, another question: What is the total money that we have expended in the plant at Laramie, Wyo., including the expenditure

during World War II, all told, up to date? Just insert that in the record, please.

Mr. FORBES. We will be very happy to do that.

(The information requested is as follows:)

COST OF ALUMINA PLANT FACILITIES AT LARAMIE

The Laramie alumina plant was one of four experimental and demonstration plants constructed by the Government during World War II to investigate and demonstrate the feasibility of producing metallurgical grade alumina from clays, alunite, and anorthosite that occur in large deposits within the United States. Each of the plants was located near large known deposits of the material it was designed to process. The Laramie plant was designed to process anorthosite for recovery of alumina by use of an alkaline sinter process. The plants were constructed for the Defense Plants Corporation by the various companies that had submitted the process data and plant layout accepted by the Government. The total cost to the Government of the 4 experimental plants was approximately $22,500,000.

After the war the four plants were declared surplus, but because of litigation the Laramie plant was retained by the Government pending the outcome of this litigation. When the Defense Plant Corporation was abolished, its activities were taken over by the Reconstruction Finance Corporation. The total acquisition cost of the plant as reported by the RFC in 1951 was $4,607,134.29.

The Bureau of Mines has for many years as a part of its program for conservation development and efficient utilization of mineral resources conducted research on the recovery of alumina from domestic materials. This research was particularly active during World War II and a number of laboratory and pilot-plant tests were made on various processes and using various low-grade aluminous materials.

A lime-soda-sinter process for recovery of alumina from anorthosite was tested in a pilot plant that had a sintering rate equivalent to one-fourth ton of alumina per day. The availability of the idle Government-owned Laramie alumina plant offered opportunity for continuation of this research on a larger scale than had heretofore been attempted without investment in costly facilities. The custody of the plant was transferred to the Bureau of Mines on September 28, 1951, under a 2-year lease with an option for a 1-year extension.

The alumina plant, as of 1951, had not been completely finished; there was no crushing plant for preparing raw materials (anorthosite and limestone), and equipment in the plant had deteriorated due to 4 years of standing unused. In fiscal year 1952 $347,110 was appropriated specifically for construction and for perparation of the plant for operation. In fiscal year 1953 the Bureau of Mines appropriation included an item of $1 million for operation of the plant and in fiscal year 1954 $650,000 of the appropriation for light metals was allocated for that operation.

The purpose of the Bureau of Mines operation of this plant is to obtain factual operating data that will provide information on the technology, equipment, and product purities on a scale permitting a conclusive technologic and economic appraisal of the lime-soda-sinter process for producing alumina.

BAUXITE RESERVES IN ARKANSAS

Mr. NORRELL. Now, frankly, I doubted the wisdom, Mr. Chairman, of the alumina plant in the beginning. I held it up, you remember, 1 or 2 years and then it developed that maybe there was some idea in mind not to develop aluminum somewhere else. I did not want to get into that attitude, so I agreed to go along with a certain amount of money.

Now you have the same problem, Mr. Director, in Arkansas that you have, in Laramie, Wyo., that is to find cheaper ways and means of making alumina from rock. In Arkansas, it is the question of finding cheaper ways and means of making alumina from clay.

For years and years I have tried to get the Bureau of Mines to continue to help us find cheaper ways and means of making alumina

out of our soil, out of our ore. It started out for a while on an enthusiastic basis. I have never been able to find much that the Department, the Bureau of Mines did in Arkansas. I know this, Mr. Director, that we have down there deposits of bauxite, domestic bauxite in Arkansas. I also know that the silica content is the thing that makes the Arkansas bauxite low grade, as well as you do. Why is it that you are spending such enormous amounts of money to find in one field and yet you are not spending any money and are making no effort where you know you have plenty of the ore? You have no rock to crush. All you have there is clay or soil.

Now, I learned something this year that I did not know. I was sitting around the fireside one evening, on our recent trip, talking with some of your employees from Laramie and one said, well, we have got to find another way to make alumina. I said, what? I said, why? Well, because the native natural resources of this country are about exhausted. I said, is the ore exhausted in Arkansas? Yes, he says, it is being exhausted out there and there is not much left. Well, I said, now that is strange because the Aluminum Company of America has recently constructed an alumina plant down there in Arkansas costing about $55 million and Reynolds Metals Co. is constructing one now that costs $54 million. I am from Arkansas and I did not know that we did not have plenty of reserve there. I would like to get you at this point in the record to put what you estimate the reserves of bauxite to be, including the several grades.

(The information requested is as follows:)

ARKANSAS BAUXITE RESERVES

The most recent estimates of Arkansas bauxite reserves are those made by the United States Geological Survey in connection with the preparation of an unpublished report on the Arkansas Bauxite Deposits by MacKenzie Gordon, Jr., J. I. Tracey, Jr., and M. M. Ellis. The estimates are of January 1950 in millions of wet long tons in the ground and are interpreted as follows:

Commercial bauxite	38.9
Sub-commercial bauxite	31.8
Total	70.7

The estimated aggregate Arkansas production of bauxite for 1950, 1951, 1952, and 1953 was 7.4 million wet long tons and this quantity should be subtracted from the above estimate of commercial bauxite reserves in order to convert to January 1, 1954. The above figures then become:

Commercial bauxite	31.5
Sub-commercial bauxite	31.8
Total	63.3

With reference to an estimate of the reserves of high-alumina clay in Arkansas no dependable estimates separately for that State are available. An estimate published in the United States Senate hearings before a subcommittee of the Committee on Public Lands, 80th Congress, 1st session, May 15, 16, and 17, 1947, gave an estimated reserve figure of 2,700 million long tons of bauxitic and high-alumina clays in central United States—chiefly Arkansas, Missouri, and Colorado. It should be stated, however, that it is our opinion that the "high alumina clays" to be found in the shales of the Ozark Plateau and the Ouachita Valley, combined with the unconsolidated clays of the Gulf Coastal Plain of Arkansas would make an aggregate which would run into many billions of tons when estimated to a depth of less than 100 feet.

Mr. NORRELL. Let me ask you this question in conclusion: Are you making any studies at all, Mr. Director, to find cheaper ways and means of processing low-grade bauxite?

Mr. ZINNER. I would like to make one thing clear. The result of the research being carried on at Laramie is equally applicable to the high alumina clays in Arkansas or anywhere else. This process is technologically feasible on many high alumina clays. It so happens that we are operating at Laramie because that plant was the only one that remained of the several that were constructed for experimental operation during the war. It was the only plant of that size available for that scale of research. We could never have started out from scratch to undertake a demonstration scale operation like that one if the plant had not been already available at Laramie. We figured that knowledge of technology could be gained there before the plant was disposed of in one fashion or another and possibly lost.

Mr. NORRELL. You had a pilot plant in Arkansas that was established to do the very thing I said your job was, and then during that time you started your alumina plant in Wyoming. You had no plant there until you started the renovation of this one. Why did you go out there where there never was any bauxite—there never was any native aluminum or alumina—and start from scratch, instead of going somewhere where you did know you had ore, bauxite ore, and make your studies there?

Mr. ZINNER. I think you should understand that we had nothing to do with the construction of that plant.

Mr. NORRELL. Who did?

Mr. ZINNER. It was constructed by the Defense Plants Corporation.

Mr. NORRELL. On the recommendation of the Bureau of Mines, was it not?

Mr. ZINNER. No, sir.

Mr. NORRELL. You mean to tell me they located a plant at the cost of that one to study economical ways and means of processing the ore out there, or the rock, without any recommendation of the Bureau of Mines at all?

Mr. ZINNER. Strictly as a wartime measure. There were at least four of those plants built in various parts of the country to demonstrate processes to make alumina from clay in addition to any expansion in production that they could get in Arkansas. The work was undertaken at the time when the submarine menace was at its peak and they figured that they would have to exploit Arkansas to the utmost and still supplement that from whatever production they could get from other sources. That was the concept at the time. As soon as the submarine menace was eased, those experimental demonstration plants were immediately closed down. Three of them were disposed of. This one at Laramie was the only one that was retained substantialy intact. When we were approached on the matter of demonstrating this process, here was a plant that had never been operated, but was ready to go with a minor amount of rehabilitation. We stepped into the operation at that point.

Mr. NORRELL. I can understand that, but I cannot understand starting out there in the beginning. I cannot understand how during the war the agencies would have located a plant without getting the

technical advice of experts in the Government, who are in the Bureau of Mines. You still say that they did not do it?

Mr. ZINNER. I am sure that we were questioned on the technical feasibility of the process and I am sure that we agreed that the process had merit. Beyond that, with regard to the location of these plants, I am not sure that we had any decision in the matter.

Mr. NORRELL. I do want to say this, that I do not believe that industry, private industry, would spend $100 million in one year in Arkansas if they did not think our resources were sufficient to justify that investment. They do not throw money away. Not much of it, anyway.

Are you going to do anything this year toward finding more economical ways and means outside of your operations at Laramie, regarding the ore such as we have in Arkansas in an effort to find some way to process it on a cheaper basis other than what you would do out there?

Mr. ZINNER. Yes, sir, we have work contemplated for 1955 and underway at the present time. But first, I would like to say that we will be out of the Laramie alumina plant this year. There will be no work done there by the Bureau of Mines after the end of this fiscal year. We are completing that operation now. At Bauxite, Ark., in that plant, supplemented by some laboratory work at Rolla, Mo., we are working on two projects related to the Arkansas ores; one is related to desilication, the other to the extraction of columbium and tantalum from the waste products of the present alumina processes. The second one has a great deal of merit in that it may lead toward an increased value, a byproduct value that has not been extracted heretofore. It is a very important project because, if successful, it stands to permit production of as much as 50 percent of our needs for these two critical commodities.

We are very anxious that that work be continued. There is one other aluminum project underway where we are attempting to make certain aluminum alloys directly in the electric furnace. Those three operations constitute most of our alumina and aluminum program at the present time and as contemplated next year.

The whole matter of improving or perfecting known methods for making alumina from clays and investigating new methods will have to be vigorously pursued one of these days because domestic alumina supply is going to be an increasing problem.

(Discussion off the record.)

DISPOSITION OF THE LARAMIE PLANT

Mr. FENTON. Congressman Norrell, to clarify the situation at Laramie regarding this alumina plant, they have been instructed, as you know, to either lease or sell the plant.

Mr. NORRELL. Yes.

Mr. FENTON. And this current fiscal year is supposed to be the end of that?

Mr. FORBES. The first of July the time is up.

Mr. FENTON. What are you doing, are you selling it or leasing it?

Mr. FORBES. I will ask Mr. Miller to answer that, he is pretty well acquainted with it.

Mr. MILLER. Mr. Chairman, we have never acquired title to this property. It belongs to the General Services Administration. We merely had a lease or operating arrangement which permitted us to occupy the premises for 3 years. At the end of our operation there, on the 30th of June, we simply return the property physically to General Services Administration and then they proceed with the disposition of the plant based on the surplus property disposal law which guides them in all surplus property actions. We will have nothing to do with the disposal.

Mr. FENTON. You don't know what their proposal will be?

Mr. MILLER. We have advised GSA that they will have access to the plant on the 30th of June, so we have advised them in advance that the problem will be theirs.

FERROUS AND NONFERROUS METALS

Mr. FENTON. That is right.

I think this discussion properly belongs in the item of nonferrous metals, but it will expedite our nonferrous discussion.

Mr. JENSEN. I wish you would put in the record again a complete definition of ferrous and nonferrous minerals and metals. I have had a lot of folks ask me, well now, just what is nonferrous and so on and I am frank to tell you that I cannot give them what I think is a good definition. Would you take the different minerals and say these are ferrous and these are nonferrous?

Mr. FORBES. We will be glad to insert that in the record.

Mr. JENSEN. Go ahead and explain it because I think it would be very helpful to an awful lot of people. They read about these different kinds of metals and minerals and they do not get the significance of what they are reading.

Mr. FORBES. We will try to clarify that.

(The information is as follows:)

DEFINITIONS OF FERROUS AND NONFERROUS METALS

The science of metallurgy is separated broadly into ferrous metallurgy and nonferrous metallurgy. Ferrous metallurgy relates to processes for the production of iron and steel. However, the ferrous metallurgist is concerned not only with iron which, strictly speaking, is the only ferrous metal, but also with metals useful and necessary to iron and steel production. The latter group includes chromium, cobalt, manganese, molybdenum, nickel, silicon, tungsten, and vanadium. These metals and iron are thus considered by industry and the Bureau of Mines as ferrous metals. Other metals, such as aluminum, boron, and copper whose use in steel is negligible to the total consumption, are considered nonferrous metals.

The term "nonferrous metals" is applied to all other metals that find little or no application in the iron and steel industry. This group includes such metals as copper, lead, zinc, mercury, bismuth, antimony, gold, silver, beryllium, aluminum, magnesium, titanium, etc. Chemical compounds containing metals that are classed as nonmetallic minerals are not included.

SYNTHETIC LIQUID-FUELS PROCESS AT LARAMIE

Mr. FENTON. I might make a statement before leaving synthetic fuels that, before we mark the bill up, Mr. Chairman, it would be well to have the Bureau of Mines, the officials in Washington, try to get together with those fellows out in Laramie and Rifle to see what we should really do.

We do not want to haphazardly put Rifle out. We want to be fair.

Mr. FORBES. I see exactly the position of the committee.

Mr. MCCABE. Could I say one word? This Laramie process developed because of a problem that Rifle had in their retorting where they used large lumps of the shale. As you know, in preparing the shale for that big retort there is a certain amount, 10 or 12 percent of fines produced in mining and crushing. The Rifle cannot handle that very fine stuff, so we gave that problem to Laramie to solve. They came up with this fluidized plan of heating the fines. One of the questions in my mind now is that they do not have an appreciation of cost because they have not brought up any estimate of the crushing cost. If that comes to 40 or 50 cents a ton to handle the fines, we have added another couple of cents per gallon to the cost of oil. That is why I am concerned. If crushing costs run 60 cents a ton to get down to fineness required there, then we are out of the ball park in comparison to Rifle. I would like to examine that to see if it is justified, if we should make a shift. As soon as we get to the point where Rifle retort has served its purpose, and we have the information we ought to recess it.

Mr. FENTON. In other words, you are telling us that the process used at Laramie requires a very, very fine dust?

Mr. MCCABE. It must be fine enough to be carried by air.

Mr. FENTON. That would increase the cost somewhat?

Mr. MCCABE. Yes, sir.

Mr. FENTON. Of crushing.

Mr. MCCABE. We do not have those figures yet; the point is that Laramie has been working on this new process now a year and a half and they have it where it works very well on crushed oil shale that is given them but that is only 10 or 12 percent of the shale mined. That does not include the big stuff. It would have to be crushed if it went over to this process. If we could examine this before the Rifle retort goes and come back with a statement on this, we certainly want to resolve it.

Mr. FENTON. I wish you would do that in the next week or two.

Mr. MILLER. It is conceivable the final process might be a combination of the two, the present Rifle retort for coarse material and the Laramie process for the fine material. One would supplement rather than replace the other.

Mr. MCCABE. If we should go to this process at Rifle say within the next year, of course, we have got to face it but we do not want to close Rifle down in the meantime because we will lose our people.

Mr. FENTON. This committee does not want to close it down unless it is justified. Try to do that for us.

Mr. MCCABE. We will insert additional information.

(The information to be furnished is as follows:)

CONTINUATION OF THE RIFLE RETORTING PLANT IN THE LIGHT OF NEW DEVELOPMENTS AT LARAMIE

The large-scale gas-combustion retort at Rifle is designed to handle closely sized oil shale of relatively large particles within the range of three-eighths to 3 inches. In crushing the raw shale from the mine to this particle size range, a considerable amount of fine particles results. The material which is less than three-eighths inch cannot be retorted in the gas-combustion retort, and thus, must be rejected. Using modern crushing equipment, the amount of this fine shale

amounts to about 10 percent of the total shale mined. The Bureau believes that it would be wasteful to discard this fine oil shale and not attempt to recover the oil from it. It was on this premise that it was decided to develop a retort which could handle the fine shale. This work is now in progress at Laramie and is actually looked upon as a supplement to the retort development work at Rifle rather than as a retort to handle all of the shale that is mined.

Thus, it is contemplated that in a commercial plant the large-scale retort now being developed at Rifle would handle the bulk of the oil shale while the type of retort being developed at Laramie would be used to extract the oil from the 10 percent or so of shale fines.

The principal water requirements of any oil-shale plant installation will be for living requirements near the plant area and for the refinery. Fortunately the gas-combustion retort requires no water, while the entrained-solids retort as at present visualized will require considerable water for cooling. The increased requirements for water will not be excessive in a plant in which the larger sizes of shale are processed in gas-combustion types of retorts and the fines are processed in an entrained-solids operation.

The engineering on the Rifle retort is much further advanced than the engineering on the Laramie retort. In fact, more laboratory work must be done before a large-scale retort of the Laramie type can be designed or acceptable cost estimates can be made.

Work on both retorts should go forward; to develop and evaluate the larger retort at Rifle, and to carry forward the laboratory-scale work on the Laramie retort, to the point where a small pilot-plant model of that type can be engineered and constructed at Rifle, if cost estimates show that to be advisable.

Mr. BUDGE. Mr. Chairman, when you are within two cents of being competitive and they say they have made refinements since last year, it seems to me that the Bureau of Mines has pretty well fulfilled its responsibility in exploring this field for private industry. It must be closer than a cent now if these improvements have been made.

Mr. MCCABE. Congressman Budge, perhaps I cannot explain this too well to you, but we always anticipate, I think, in our research; we get enthusiastic about it and——

Mr. BUDGE. You must have been pretty enthusiastic about it last year from what I have heard this morning or else you are underenthusiastic this year for a different purpose.

Mr. MCCABE. That was calculated on a 6 percent return and of course you can argue about what a 6 percent return is, that it is enough, so you can add another cent or two but that is the fact. What I said last year was the estimate and I am pretty well agreed between the Bureau and the industry people on the 6 percent return.

MINERALS AND METALS

FERROUS METALS AND ALLOYS

Mr. FENTON. The committee will come to order. We will insert in the record the table on page 40 of the justifications entitled "Minerals and Metals; Ferrous Metals and Alloys."

(The material referred to is as follows:)

2. Minerals and metals—(a) Ferrous metals and alloys

Subactivity	Adjusted appropriation	Decreases	Subtotal	Estimate, 1955	Increases	Page reference	
						Table	Justification
(1) Iron	$247,798		$247,798	$247,798			41
(2) Steel	225,847		225,847	225,847			41
(3) Manganese	869,415	$72,000	797,415	797,415			42
(4) Chromium	300,271	44,000	256,271	256,271			42
(5) Ferro-alloy metals, general	389,841	41,000	348,841	348,841			43
(6) Maintenance, buildings and facilities	156,828	40,000	116,828	116,828			44
Totals	2,190,000	197,000	1,993,000	1,993,000			

MANGANESE

Mr. FENTON. Whatever happened to the Richardson project for recovering manganese from slag? Is there any money in this estimate for that?

Mr. FORBES. No. That does not come in our appropriation at all.

Mr. MCCABE. That is taken over privately.

Mr. FORBES. I think Mr. Zinner can answer that question for you.

Mr. ZINNER. There is nothing in this budget for work on that. Mangaslag, Inc., has been constructing a plant to demonstrate the process. We have nothing further on the operation of the plant at this time.

Mr. FENTON. Where is that located?

Mr. FORBES. At Coxton, Pa.

Mr. FENTON. Since manganese is so important in the production of steel, why is there the decrease in the appropriation?

Mr. ZINNER. The long-term manganese program contemplated at this stage that we would have developed, to the point of demonstration, a process for treating certain low-grade ores in the Artillery Peak area of Arizona.

We now feel that pilot plant results can be projected without going out to Artillery Peak and doing any more development work. That part of the original plan is simply deferred and probably will not be done. That deferral constitutes the bulk of this decrease. It does not affect the research work or the laboratory work in any way.

Mr. FENTON. You think the program outlined will be sufficient?

Mr. ZINNER. I think so. I think it is in balance with the rest of the research work in the ferrous metals field, which is programed as a unit.

WORK ON VARIOUS COMMODITIES

Mr. Chairman, I have a short statement on each of the commodity subactivities as they appear in the justification. If you would like to have these in the record, I can supply them now. The statements relate to what accomplishments we anticipate this year and what part of the work is to be continued in fiscal year 1955.

Mr. FENTON. I wish you would do that. I have read every word in the justification.

Mr. ZINNER. There are 17 items in total covering the minerals and metals activities. There is about a page on each one.

Mr. FENTON. Without objection, we will have that inserted in the record.

(The material referred to is as follows:)

LIGHT METALS

Light-metal research projects active in fiscal year 1954 were the operation of a demonstration scale alumina plant, investigation of processes for producing titanium metal, determination of physical and chemical properties of titanium and its alloys, investigation of fabrication techniques for titanium and its alloys, investigation of an electrothermal method for direct reduction of aluminum silicates to metal, laboratory development of methods for upgrading domestic aluminum-containing materials, investigation of properties and structure of magnesium when alloyed with lithium and aluminum, and a study of factors affecting the efficiency of the silicothermic reduction of magnesium oxide.

In November of 1952 operation of the demonstration alumina plant at Laramie, Wyo., was started on a unit basis; in September of 1953 the operation of the plant on the basis of successive 10-day runs was initiated. With each successive operation of the plant, fewer problems are encountered and the efficiency of the operation, in terms of alumina recovered, is constantly improving. A continuous integrated operation of the plant started in January 1954. Research on upgrading high-iron and high-silica bauxites of Arkansas has shown that certain of these materials will yield higher grade products. Results of tests have also shown that changes in the beneficiation procedures are required for different ores as the chemical and physical properties vary. Electric smelting tests on Oregon clays showed that woodchips free of sawdust and bark were the most desirable type of bulky reductant yet used in experimental charge mixtures. Using this material continuous smelting runs up to 209 hours duration were obtained.

The Bureau of Mines titanium pilot plant at Boulder City, Nev., produced 123 short tons of titanium sponge in 1953. Research on new methods for producing high-quality titanium, particularly an electrolytic purification process, appeared promising for commercial adaptation. Investigation of the physical and chemical properties of titanium and titanium alloys resulted in new knowledge necessary for optimum utilization of titanium in military equipment. Additional information on the fabrication of titanium and titanium alloys was also obtained.

Experimental alloys of magnesium-aluminum-lithium, which are of a lighter weight than commercial magnesium alloys, were being tested to develop treatments and alloy compositions not subject to age embrittlement. Tests now in progress indicate that from the standpoint of strength and ductility, the experimental alloys, in either the solution treated or aged condition are comparable if not superior to any commercial magnesium base alloy.

During fiscal year 1955 the demonstration scale experiments on alumina production will be curtailed. Laboratory research on upgrading of domestic aluminous materials will be continued to develop better beneficiation procedures. Electrothermal smelting of clays and other aluminum-silicate materials will be extended to include higher aluminum content materials and the production of purer alloys with a higher aluminum content. Operation of the Bureau's titanium sponge pilot plant will continue under a contract for production of titanium sponge for defense uses. Research on processes for production of high-purity titanium will continue as will the work on development of information on properties of titanium and titanium alloys. The development of new magnesium alloys, and testing of the properties of such alloys over longtime periods is planned. The work on silicothermic reduction of magnesia will be recessed since there are no longer silico-thermic reduction plants operating in the United States.

COPPER, LEAD, AND ZINC

Among the accomplishments and activities in the past year in the field of copper, lead, and zinc were studies of areas of large future productive potential, for example in the Prince William Sound region of Alaska, and on the fringes of the tri-State district of Missouri-Kansas-Oklahoma. These studies will be pursued to a conclusion, and one or two others will be initiated.

Research on improved zinc-base die-casting alloys was carried ahead with encouraging results. The zinc industry is keenly aware of the need of maintaining the competitive position of zinc in this large field of zinc consumption, interest has been expressed in this research, and it is proposed that the project be continued.

Arrangements were made with a mining company for experimental work in its mine in Michigan, the purpose of which is to increase the percentage recovery obtained in working a large copper deposits. This work will continue for some years.

Another long-range project in copper mining, on which work began this year, relates to the mining of a large copper deposit in Arizona. Here, the Bureau of Mines studies will be concerned with developing new ore extraction methods.

A continuing metallurgical project having shown the feasibility of depositing very thick plates of zinc by closely controlling conditions of electrodeposition, is continuing in an endeavor to develop economical methods of maintaining such conditions in an operating plant—solution purification, etc.

Another zinc project, scheduled for continuation, is a pilot-plant test of a Bureau-developed process for treating oxidized zinc ores; the current year's work is aimed at a few technical problems that need to be solved prior to pilot or demonstration-scale tests.

RARE AND PRECIOUS METALS

Bureau of Mines field investigations between fiscal 1949 and 1953, undertaken on behalf of the Atomic Energy Commission, developed hundreds of millions of yards of minable monazite-bearing alluvium in the United States. The greatest known source of rare-earth elements and thorium, plus small amounts of uranium, is from the monazite deposits of the world. The use of rare earths is expanding greatly; the need for uranium and thorium requires no explanation. The present domestic production of rare-earth minerals can supply only 60 percent of our needs. Extractive methods to separate thorium, uranium, and individual rare-earth elements have been partially developed by the Bureau of Mines. It is proposed that this research be carried to completion.

Beryl, the only commercial source mineral of beryllium, is now recovered entirely by hand-sorting (cobbing) methods. Over 90 percent of our supply is imported. No adequate substitutes have been developed for many essential applications of beryllium. Known domestic reserves of cobbable beryl are less than 7,000 tons; less than 3 years supply at present consumption rates. Known reserves of beryl recoverable only by milling methods are on the order of 300,000 tons. It is important that pilot-plant studies now underway to recover fine-grained beryl be carried on to a successful conclusion.

Columbium and tantalum, essential for the production of high-temperature alloys used in jet aircraft engines, are obtained almost entirely from foreign sources. Tantalum has many specialized defense applications in the electronic field but is not available in metallic form from the stockpile of mixed Cb-Ta concentrates acquired for the columbium content. Large reserves of complex Cb–Ta minerals are known to occur in domestic placer deposits and in the bauxite deposits of Arkansas. However, beneficiation and extractive metallurgical processes must be developed before these reserves can be utilized. An improved metallurgical process for the recovery and for the separation of columbium and tantalum from complex ores, concentrates, and products is under current development by the Bureau of Mines. The commercial application of this process would increase the value of material already in the national stockpile, and lessen our dependence on foreign sources of supply.

The United States is presently self-sufficient with regard to a supply of germanium. However, in view of current development of new applications, a far greater need for the metal is anticipated. A study of extractive methods to produce germanium at a lower cost is required.

The United States is presently producing only about 50 percent of its requirements for selenium. During the last few years Canada has been shipping selenium abroad and imports to the United States have been drastically cut. Metallurgical methods for the extraction of selenium from tuffs and shales are being studied at the present time. An effort to locate ores and materials richer in selenium than low-grade tuffs and shales will be continued. Pilot-plant operations to recover selenium should follow the laboratory developments.

The entire output of zirconium and hafnium metals resulting from Bureau of Mines operations was contracted for by the Atomic Energy Commission during the past year. Although production was increased by 50 percent as a result of Bureau developments, the supply of hafnium-free zirconium metal and ductile hafnium was inadequate to meet AEC demands. Consequently, little Zr-Hf was available for commercial markets although private industry is now in the production field to a limited extent. In order to make available more of these useful metals for industrial purposes from our vast ore reserves, the development of improved production techniques should be continued. Only by improved metallurgical processes can production be greatly increased, at a lower cost per pound, in order that industry can take advantage of the desirable properties of ductile zirconium, hafnium, and their alloys.

OTHER NONFERROUS METALS

The research project at College Park on recovery of secondary nonferrous metals (which deals with scrap copper, lead, and zinc as well as antimony, bismuth, tin, cadmium, aluminum, magnesium, and other nonferrous metals) has made good progress, with special reference to work on vacuum distillation, selective oxidation, and molten centrifugation. Companies in the metals field are becoming increasingly interested in this work, which is to be continued in 1955 at about the same level. It is proposed to make also in that year a survey of a selected industrial center to obtain more detailed knowledge of the kinds and quantities of scrap metal generated, recovery methods employed, losses, and other related matters.

Studies of certain areas holding promise for future production of base metals such as antimony are to be continued in 1955. These investigations develop from the Bureau's continuing activity in making examinations and surveys of mines and mineral deposits, either (1) in the course of its service work for DMEA and GSA, or (2) in response to requests from private interests, or (3) information received regarding previously unknown or undeveloped mineral occurrences. It is important that the Bureau should continue to gather data bearing on the occurrence, character, reserves and productive potential of all mineral deposits, so that it can furnish such information in this field as is constantly needed by Government and private industry.

Several projects in 1954 were concerned with tin: An electrolytic process for treatment of tin-bearing scrap and residues; a fundamental research project dealing with the behavior of ultrafine mineral particles, which are known to be responsible for serious losses in a number of fields, particularly tin-ore dressing; two studies of tin-bearing slags and intermediate products from the Government-owned tin smelter at Texas City. These projects will continue in 1955, all being medium to long-term investigations, requiring 2 or more years.

MINERALS OF CONSTRUCTION

The construction industry consumes over a billion dollars' worth of mineral materials annually. The production and processing of these minerals involves a wide variety of problems as they include such diverse materials as asbestos, slate cement, mineral wool, dimension stone, gypsum, blast-furnace slag, sand and gravel, pumice, and vermiculite. In addition to their use in construction many of these materials have important uses in other industries also.

To serve the needs of this major group the Bureau compiled and disseminated the basic production and distribution data of these commodities, investigated deposits, conducted research on technical problems, and provided both technical and economic information to industry, other Government agencies, and the public. As there is a need for research on many aspects of concrete aggregates a small research project concerned principally with lightweight aggregate problems was maintained. At another facility the utility of mineral raw materials for the production of mineral wool was tested. To assist in the development of Alaska the availability and properties of local mineral construction materials were studied. As the United States obtains the bulk of its asbestos supplies from foreign sources and the commodity has many technical problems, an effort is being made to find ways of improving this commodity situation. Research on beneficiation of strategic grades of asbestos was increased as was examination of domestic deposits. Two reports on asbestos synthesis were prepared and laboratory experiments showed that a truly flexible fibrous compound of potassium lead silicate could be crystallized in quantity. Numerous other technical and informational services were provided in response to requests.

In fiscal 1955 the Bureau proposes to continue at a somewhat reduced rate the activities outlined above. Primary emphasis will be placed on the long-established collection and dissemination of production and distribution data of these commodities. Examination of asbestos deposits and research on asbestos beneficiation, synthesis, and substitutes will be continued. Particular attention will be given to the evaluation of the commercial utility of fibrous potassium lead silicate. The projects for research on concrete aggregates and mineral wool also are to be maintained.

CHEMICAL MATERIALS

Minerals, such as salt, sulfur, fluorspar, lime, borax, barite, iodine, bromine, and lithium minerals are the foundation of the chemical industry. Adequate supplies are essential to American industry. To serve the needs of this group of mineral materials during the past year the Bureau compiled and published the basic production and use data of these commodities, investigated deposits, conducted research on technical problems and provided both technical and economic data to industry, other Government agencies and the public. As the United States is becoming increasingly dependent on foreign sources of fluorspar, projects directed toward the improvement of the domestic supply situation were maintained. These included examination of deposits, beneficiation of complex ore, and research on recovery of fluorine currently being wasted in the processing of phosphate rock. The importance of sulfur supplies was clearly shown by the difficulties experienced during the recent shortage.

As maintenance of an adequate future supply requires a thorough knowledge of the availability of sulfur minerals, surveys of sulfur resources were included in the Bureau program. Special projects were not established for other minerals in this group but numerous technical and informational services were provided in response to requests.

In fiscal 1955 the Bureau proposes to continue the activities outlined above at a slightly reduced rate. As in 1954 the research and exploration activities will be concerned principally with fluorine and sulfur problems, basic commodity data on production and usage of all the commodities will be collected and disseminated, and technical and economic services will be provided as needs develop during the year.

ABRASIVES AND HARD MATERIALS

Adequate supplies of abrasive and hard materials are becoming increasingly vital to industry as the performance requirements of modern equipment become more stringent. These commodities include industrial diamonds, corondum, silicon carbide, emery, silica, garnet, aluminum oxide, hard borides, and numerous others. Of some the United States has ample resources but of others its supply is deficient. The outstanding instance of deficiency is that of industrial diamonds which are required for the efficient operation of machine tools. All of the United States supply of industrial diamonds is obtained from foreign sources. Another noteworthy aspect of the current situation is the need for hard materials that can withstand severe operating conditions such as those in turbines and jet engines.

To contribute to the solution of these problems the Bureau conducted research on diamond substitutes, diamond utilization and salvage, and on hard borides. These research projects are in an early stage but progress has been made, particularly in the field of diamond orientation in drill bits, research on possible diamond substitutes, such as hafnium carbide, and methods of producing and testing hard borides. As in the case of other mineral materials the Bureau collected and distributed the basic production and use data of the abrasives.

In fiscal 1955 the Bureau proposes to continue at a slightly reduced rate the activities outlined above. As in 1954 production and use data of these commodities will be collected and disseminated. As the need for research on diamond and boride problems is most urgent these projects will be maintained. Other technical and economic services will be provided the industry, other Government agencies, and the public as needs arise during the year.

CERAMIC AND FERTILIZER MATERIALS

The Bureau of Mines research program has resulted in the development of commercially feasible methods of manufacturing synthetic flake mica; development of machinable synthetic mica ceramic dielectrics; invention of reconstituted synthetic mica sheet; and discovery of a family of claylike components which are potential catalysts and bleaching agents.

Industry has assumed problems of utilization of synthetic mica products developed to date, thus releasing Bureau funds and personnel for intensified research on growing synthetic mica crystals; studies of crystal defects and crystallization

control; perfection of feasible and efficient methods for the reconstitution of synthetic flake mica for built-up mica; and continuation of the evaluation of domestic mica resources including mining and processing techniques, economics, and the potential recovery of coproducts and byproducts.

Studies have been completed on chemical, mineralogical, and physical properties of synthetic mullite from pure materials. It is planned to develop techniques for evaluating mullite-forming raw materials and to establish domestic reserves of mullite-forming raw materials.

A preliminary survey of western phosphate rock underground mining practices and problems and formulation of first stages of a mining research program have been completed. The limitations of known beneficiation processes applied to western phosphate rock have been determined and a research program formulated to seek new techniques. It is planned to develop new mining and beneficiation techniques for western phosphate rock and to develop methods for utilizing phosphate rock slimes in Florida and Tennessee.

As a result of a mineral industry study of ceramic resources of the Pacific Northwest, an investigation was undertaken to determine the quantity and quality of kaolin in Idaho and Washington deposits. Preliminary investigations of new sources of fire clay and other high aluminous materials were begun in areas of present and impending shortages. It is planned to investigate chemical and thermal treatments for converting metabentonites to swelling types; beneficiation of offgrade halloysite and its properties; and to study the properties of related potential catalytic materials; development of instrumentation to control working properties of clays; and to develop reserves of certain types of clays in areas of short supply.

MINERALS RESEARCH UNCLASSIFIED

The mineral industry has progressed by emphasizing engineering development and has underemphasized development of new scientific principles and theory. There is an increasing need for fundamental minerals research. The ultimate objective of such research in the Bureau of Mines is the extraction of mineral raw materials from every conceivable source by any conceivable method. Many new techniques, tools, and processes—possibly developed in fields other than minerals—may prove applicable in minerals research.

The program covers a diverse group of problems. During the past year, microseismic recording equipment was used to measure the stresses and strains in rocks in operating mines in Michigan and Ohio. Study of rock-burst problems in Michigan copper mines has changed blasting procedures, resulting in a decrease in the percent of rock bursts occurring during working periods. The use of an experimental room is becoming an accepted tool for designing underground mine structures and two such rooms are in the planning stages in Tennessee and Ohio. As another step toward the ability to predict accurately exactly how mine rocks will behave during mine operations from a prior knowledge of their properties the physical properties of rocks from 11 States were tested.

Research and performance tests on the most effective and cheapest use of diamonds in core drilling has been continued as has a study of the structure and growth mechanisms of synthetic and related natural minerals.

Measurement and correlation of the thermodynamic properties of metals and nonmetallic minerals is another continuing activity. Fundamental data on the theory of flotation and on mineral dressing techniques and reagents has been obtained from research and tests performed in Bureau laboratories.

In fiscal year 1955, mineral dressing research will include study of the application of established techniques to untested materials and the development of new techniques. Fundamental studies on the growth mechanisms and chemical composition-structure-physical property relationships of synthetic and related natural materials will be continued as will study of the application of ultrasonics to mineral dressing.

Continued mining research will cover the reverse circulation of drill fluids and research on diamond drilling and the orientation of diamonds in bits. In research on the application of physics to mining, planned work includes the development of methods and instruments for detecting and localizing ground movement and

subsidence in underground mines; surveying operating mines to obtain data for the analysis of mine structures; and the testing of physical properties of mine rocks.

NONFERROUS METALS

Mr. FENTON. We will insert in the record the table on page 45 at this point, showing the nonferrous metals program.

(The material referred to is as follows:)

(b) *Nonferrous metals*

Subactivity	Adjusted appropriation	Decreases	Subtotal	Estimate, 1955	Increases	Page reference	
						Table	Justification
(1) Light metals	$1,539,868	$1,011,234	$528,634	$528,634			45
(2) Copper, lead, and zinc	867,405	47,950	819,455	819,455			47
(3) Rare and precious metals	510,598	6,446	504,152	504,152			48
(4) Other nonferrous metals	472,380	30,964	441,416	441,416			49
(5) Maintenance, buildings, and facilities	269,749	38,406	231,343	231,343			49
Total	3,660,000	1,135,000	2,525,000	2,525,000			

LIGHT METALS

Mr. FENTON. In regard to the light metals, to what extent has private industry interested itself in the titanium program?

Mr. ZINNER. To a very large extent. The expansion in the titanium industry has been substantial during the past year. I think we can say that much of that expansion has been permitted through the operation of the small plant of the Bureau of Mines, at Boulder City, Nev.

A number of contractors have sent key personnel to the plant to become acquainted with the process and, in turn, carry it into their new developments.

Mr. FENTON. Private industry has not indicated any interest in it, particularly, in that they could participate in the program?

Mr. ZINNER. At Boulder City?

Mr. FENTON. Yes.

Mr. ZINNER. The production part of the program at Boulder City, aside from the research, is conducted at the rate of about 1,400 pounds of sponge metal per day. It is wholly a contract arrangement under which we are producing metal for the General Services Administration. This agreed upon rate is to make up certain deficiencies in supply to the defense program. It is purely an interim operation. If it were not for the present inadequate supply situation, we would not be in the production phase at all.

The combined capacity of all the industry plants at the present time does not meet the requirements. We were called upon to supplement that production through this interim operation of the plant at Boulder City.

Mr. FENTON. This is one metal that the Bureau of Mines is fully responsible for.

Mr. ZINNER. I think that is true.

Mr. FENTON. You do not feel that enough work has been done on titanium so that it will be picked up by industry?

Mr. ZINNER. It is already being picked up and picked up at a very rapid rate.

Mr. FENTON. Is there any further research being done?

Mr. ZINNER. There is a considerable amount of research being done by private industry. I am sure of that.

Basically, requirements have run far ahead of production. Accordingly, we are faced, on the one hand, with meeting these requirements by established methods; that is, the modified Kroll method. At the same time, we are hoping to get a lower-cost method. We are working both sides against the middle on this thing.

A major share of the research effort is on methods other than the Kroll method, from which most production results at the present time.

Mr. FENTON. Under the heading of "Light metals," in which you list aluminum, magnesium, and titanium, how much money is in this program for titanium?

Mr. ZINNER. All except something less than $100,000 is on titanium.

Mr. FENTON. That leaves $400,000?

Mr. ZINNER. Yes, sir.

Mr. FENTON. Some mention, of course, was made this morning about the zinc problem. You say we still have some money in here for the Leadville tunnel?

Mr. ZINNER. No, there is no money requested in this budget. There are some carryover funds from the original construction job.

Mr. FENTON. You have something like $19,000 carried over; is that right?

Mr. ZINNER. That is right. These funds are being used to replace timbers that may become rotted in the mine, and things of that kind.

DOMESTIC RESERVES OF COPPER, LEAD, AND ZINC

Mr. BUDGE. Dr. Forbes, I note on page 47 of your justifications the following paragraph:

> The value of copper, lead, and zinc consumed annually exceeds $1½ billion. The United States long-time position of being self-sufficient in these metals and of having substantial quantities for export, has changed to one of overall dependency for a large portion of total needs.

Do you think that is a true statement?

Mr. FORBES. I am going to pass that to Mr. Zinner. I think it is a statement of fact.

Mr. ZINNER. Yes; I think that is substantially true, although there are a variety of factors that obviously govern the rate of exploitation of known reserves in the United States.

I think matters such as tariffs and foreign policy are involved in that question, and I do not know that I would want to speculate on that at the moment.

Mr. BUDGE. This is within your field, however. Do you feel that based upon the known reserves of copper, lead, and zinc in this

country you can honestly say that we have to depend on importation for our overall needs?

Mr. ZINNER. Under a philosophy of supply from the lowest cost source——

Mr. BUDGE. We will deal with that in a minute. But answer my question, just as to the known reserves.

Mr. ZINNER. On copper?

Mr. BUDGE. All three of them.

Mr. ZINNER. There is a little different situation in each case. At a sufficiently high price there are materials that are not calculated as commercial reserves that might become exploitable and would change the reserve estimate. The dollar sign governs this in the end.

Mr. BUDGE. I am not interested in the dollar sign, but I am interested in the known reserves in this country. Forget about the dollar sign. We will go into that a little later.

Mr. ZINNER. I think it would still be true.

Mr. BUDGE. Do we have sufficient reserves in this country of copper, lead, and zinc to take care of our domestic needs for the foreseeable future?

Mr. ZINNER. I cannot answer that question without qualification. It is a matter of cutoff and grade. If you take into account all materials that have any percentage of copper, lead, or zinc in them, I would say that we have a very substantial reserve and probably would take care of our needs for a substantial period of time.

PROPOSED AID TO THE LEAD AND ZINC INDUSTRIES

Mr. BUDGE. As a matter of fact, a large proportion of our domestic supply is now out of production, is it not?

Mr. ZINNER. As far as lead and zinc are concerned, that is absolutely true.

Mr. BUDGE. In talking about price considerations, the very reason that those mines are out of production, and it is causing a mighty serious problem in some areas and a mighty serious problem for industry in this country, is because the United States Government back about 3 years ago placed a ceiling on domestic lead and zinc of approximately 17 cents and at the same time went all over the world and bought it for 21 up to 28 cents and shipped it into this country.

We also sent experts from the Bureau of Mines and other agencies into numerous areas in the world, including Yugoslavia and Czechoslovakia, where the United States Government spent millions of dollars to develop lead and zinc mines in those areas. I do not believe that you can come before this committee and say that this statement is true that you have in here, that we cannot be self-sufficient in lead and zinc. I take exception to the statement.

Mr. ZINNER. I think the statement should be qualified by the word "commercial" before the word "reserves." The point I made before is that the price paid for these metals domestically has a very profound effect on what you interpret as a reserve.

Mr. BUDGE. It does not to me. What you have in the ground is the reserve that I am talking about, and that is the answer that I have been trying to get from you.

How do you expect to help the lead and zinc industry by this expenditure that you ask for here?

Mr. ZINNER. The area in which we have been primarily concerned has been the technologic field of trying to find ways of profitably, if you will, using lower grade materials and offgrade materials so that they can compete under present economic patterns.

Mr. BUDGE. What good does that do when they cannot sell the lead and zinc they are now producing?

Mr. ZINNER. Some cannot sell it at the currently prevailing price. Obviously, nobody is going to mine zinc if it costs them 20 cents a pound to produce if they can only get a fraction of that price on the market.

I do not think that is a measure of their ability to produce, if given an equitable price for their final product.

Mr. BUDGE. What is this $819,000 going to do toward helping that situation?

Mr. ZINNER. I think our statements on copper, lead, and zinc described our contemplated program.

An illustration of the complexity of the zinc problem is in zinc-based diecasting alloys which have suffered from competition with other metals under the current price relationship.

Mr. BUDGE. It suffered the competition by the United States Government going abroad to purchase it. That is where the difficulty is.

Mr. ZINNER. That was a factor. However, from the technical side something might be done to find a way of reviving the market for a zinc-based diecasting alloy——

Mr. BUDGE. How can you do that in a research program?

Mr. ZINNER. You can develop better alloys that find new uses. That in turn would create a demand for the basic elements in that alloy, of which zinc would be a primary metal.

Mr. BUDGE. Mr. Chairman, I would like to ask that the Bureau place in the record at this point a statement setting forth just how they feel this expenditure is going to assist the lead and zinc industry.

With all due deference to the chairman's anthracite coal situation, there is not a single industry in the United States which is sicker than the lead and zinc mining industry. I am certainly very much in favor of assisting them. I would like to know how this program contributes to it. I cannot see offhand that it will contribute when they can't sell what they are mining right now.

Mr. FENTON. You will have a statement on that?

Mr. FORBES. Yes, sir.

Mr. Fenton. We will have that inserted in the record.

(The material referred to is as follows:)

A major objective of the Bureau's copper research in the coming year is investigation, in cooperation with the company involved, of methods of mining at the White Pine mine, Lake Superior district, Michigan. The ore body contains more than 300 million tons of ore containing slightly over 1 percent copper, and the company anticipates the ore body will be found to be considerably greater when further work is done. The finding of a method of mining that will recover the entire ore body, contrasted with the method now planned, will make a substantial contribution to conservation of United States resources. Arrangements have been made with the company already, involving the setting aside of an experimental area in the mine, but active research cannot start until sometime in fiscal year 1955.

The Prince William Sound deposits of low-grade copper-sulfur ores, located on tidewater, in Alaska, are being reviewed in the light of improved mining and

metallurgical practice to determine size (thought to be large), amenability to known methods of ore treatment, and if indicated costs will prove deposits attractive for exploitation. Associated sulfur and iron are added incentives to the investigation of this area. This work may require two or more fiscal years to complete.

The Bureau is initiating a long-term study of the mechanics of undercut block caving at the San Manuel deposit, already mentioned, to provide better understanding of the laws that govern caving, subsidence and the transmission of ground pressures. Here again the company will cooperate with the Bureau of Mines for the sake of possible future conservational gains.

Continued metallurgical investigations will be aimed at solution of the problems of processing mixed oxide-sulfide copper ores by a method involving roasting the sulfide flotation concentrate in a fluidizing reactor, catalytic conversion of the sulfur dioxide gas into sulfuric acid, and leaching the oxide fraction for cementation of the copper. Tests are being made on San Manuel and other ores.

A number of districts of copper, lead, and zinc mineralization in various parts of the country where the Bureau of Mines has information indicating potential resources of considerable size have been selected for systematic investigation in the coming year. The result of such studies is expected to attract the interest of private concerns in exploring and developing these resources.

Research on the improvement of zinc-base diecasting alloys will be carried forward, as it is felt that this will, if successful, be a distinct advantage to the zinc industry in its competition with other metals and materials in this special field.

Basic research in secondary recovery of copper, lead, and zinc, which made good progress in the past year, will be continued in fiscal 1955 and 1956. Such work involves the study of ion exchange, separation of liquid and solid phase materials by centrifuge, differential deposition of pure metals from mixed electrolytes and similar studies that will aid the secondary industry through lowered costs or improved methods.

BENEFITS TO INDUSTRY FROM BUREAU OF MINES ACTIVITIES

During the past 3 years the copper, lead, and zinc industries already have benefited from Bureau of Mines activities in many ways, and the results of this work will become still more apparent in the future.

Atlases of all private and public drill-hole exploration in the important upper Mississippi Valley and tristate districts have supplied the industry with basic data for exploration by which future ore reserves of zinc and lead may be found. Approximately 22,000 drill logs, accurately located with numerous sections, have been made available to the industry in the upper Mississippi Valley region. In the tristate region over 40,000 drill logs properly referenced have been recorded. This study had its inception about 1944 and was the basis of the renewal of zinc mining activity in northern Illinois and southwestern Wisconsin. The work is of long-term nature and will continue to be of use over many decades.

Geophysical exploration in the tristate area has shown that resistivity-depth profiles can outline the outlines of filled-sinks, which frequently form the loci of zinc-lead ore bodies in Missouri. This study, which will be published in calendar 1954, should result in a substantial reduction in the cost of exploring for such ore bodies.

Experimentation to improve zinc-base diecasting alloys has produced manganese-bearing ternary and quaternary alloys of high tensile strength and hardness which should be of interest to industry in a field where costs are being cut through precision casting of alloys of improved properties.

For many years the Bureau has maintained annual statistics covering production of minerals and metals, and from the beginning of World War II covering total consumption and covering consumption by end uses for some commodities. Extensive use was made of these data in the recent emergency period, following outbreak of war in Korea, by defense agencies concerned with making inadequate supplies take care of as large a part as possible of essential and other requirements (thus in domestic-allocation and in export-licensing determinations); the data played a part in determinations in connection with the encouragement of new production to cover anticipated expanded military demand. They are regularly used extensively by Congress and by other Government agencies in consideration of legislative matters, such as tariffs and stockpiling, as well as other problems concerning copper, lead, and zinc. Recently detailed Bureau of Mines tabulations, within confidentiality limits, were made available to Senator Malone for consideration of small-mining-company problems. The tabulations,

as well as economic and statistical compilations, of the Bureau have been studied by Congress and others in connection with recent problems of the lead and zinc mining industries resulting from surpluses caused by reduced total requirements as well as expanded imports.

Published reports and special studies have been made available to Senator Malone's subcommittee, the Randall committee and the President's Minerals Policy Committee during the year. Such data have also been made available to the House of Representatives Committee on Interior and Insular Affairs and to the Tariff Commission in relation to their studies.

Completion of the Leadville Tunnel, Lake County, Colo.: This tunnel which was driven for more than 2 miles under difficult conditions has unwatered abandoned and flooded mines in a district that has produced over $500 million in lead, zinc, gold, and silver. The tunnel is being maintained and when the demand requires additional quantities of lead, exploration at depth will be made possible substantially at lower costs.

The caustic leach-electrolytic zinc process for reduction of zinc ores was developed by the Bureau of Mines and has been almost completely proven on a laboratory scale with certain phases having been checked in pilot-plant operation. Details of the process were presented before the Electrochemical Society in October 1952, and has inspired considerable interest. One secondary producer in the New York City area has since made zinc dust from scrap using the process. The process is adaptable to zinc oxide ores and roasted zinc sulfide particularly for mines distant from established smelters.

Electrometallurgical studies at Albany, Oreg., have established a number of factors essential to the production of thick deposits of electrolytic zinc on zinc starting sheets. The study, which is one affecting the economy of producing almost 40 percent of the United States zinc, is a longtime continuing research study.

An outstanding result, during the period, of the Bureau's exploration work, was the starting of development work at the mine of the San Manuel Copper Co., Arizona. The Bureau's drilling indicated 110 million tons of 0.77-percent copper ore and subsequent company drilling indicated an additional 363 million tons of the same grade. With Government assistance copper production will reach 70,000 tons a year which, if not required by industry, for 5 years will go chiefly into the stockpile.

Cooperative work by the Bureau of Mines and the University of Minnesota was done in an area near Ely, Minn., where a copper-nickel occurrence was was located by a private individual. A large low-grade area of mineralization is indicated. Options have been taken on a considerable acreage by companies which include the Kennecott Copper Corp. and the International Nickel Co.

The Bureau of Mines assisted Calumet & Hecla, Inc., in developing improved blasting methods which are expected to minimize formerly serious mining problems in the deep workings in its mines.

The large accumulation of Bureau of Mines' reports on individual properties and areas, largely the result of the strategic minerals program, has been of invaluable assistance to the Defense Minerals Exploration Administration in the conduct of its responsibilities under the Defense Production Act.

PLACER DEPOSITS OF RARE EARTHS

Mr. BUDGE. I notice on page 48 the following statement:

The United States is almost entirely dependent upon foreign sources of supply for beryllium, columbium, and tantalum. Within the past 3 years, the Bureau has discovered large domestic placer deposits where uncommon minerals containing the rare earths, thorium, uranium, columbium, and tantalum, are available for exploitation.

In what areas did the Bureau of Mines discover those so-called rare earths?

Mr. ZINNER. Those placer deposits are almost entirely within the State of Idaho.

Mr. BUDGE. Were they discovered by the Bureau of Mines?

Mr. ZINNER. The Bureau of Mines has been doing the development work. Some of these placers have been prospected over a period of

time, first for gold. A number were brought to our attention by prospectors and local people.

Mr. BUDGE. As a matter of fact, they have been developing those. rare-earth properties out there for the last 20 years, to my knowledge That is why I am curious as to the statement that the Bureau discovered them.

Mr. ZINNER. There are a number of placer deposits that have come into production recently which were discovered and developed wholly on the basis of the Bureau's program.

Mr. BUDGE. Which were those?

Mr. ZINNER. Bear Valley was one. I am not acquainted with the exact names of all of them. The names and evidence supporting this statement can be furnished, if you wish.

Mr. BUDGE. I would appreciate it if those were furnished.

(The material referred to is as follows:)

Bureau of Mines—AEC radioactive minerals programs in Idaho

Deposit	Location	Work performed	Date	Operators
Properties in production:				
Big Creek (new discovery by Bureau).	Western Valley County	Preliminary sampling	June 1949 to April 1950	Baumhoff-Marshall, Inc., Warren Dredging Co., and Idaho-Canadian Dredging Co.
		2,355 feet of churn drilling	April 1950 to August 1950	
		Dredge sampling	March 1951 to July 1953	
		Analyses for above	September 1949 to July 1953	
Boise Basin, (known for gold)	Boise County	Preliminary sampling	July 1949	Jordan Creek Placers.
		Trenching and shafting	August to November 1949	
		1,207 feet of churn drilling	do	
		Dredge sampling	October, November 1949	
		Analyses for above	September 1949 to December 1949	
Ruby Meadows (known deposit)	Southern Idaho County	Preliminary sampling	July, August 1950	K. D. Mining Co.
		Analyses	January to April 1951	
Properties expected to produce:				
Bear Valley (new discovery by Bureau).	Central Valley County	Preliminary sampling	August, September 1950	Porter Bros. Corp. in 1954.
		4,211 feet of churn drilling	August 1951 to September 1952	
		Analyses for above	November 1951 to August 1953	
		Ore dressing and metallurgical studies	July 1953 through January 1954	
Secesh Meadows (known)	Southern Idaho County	Preliminary sampling	July 1949	Property owned by Yuba Consolidated Gold Fields.
		944 feet of churn drilling	August 1949 to September 1950	
		Analyses for above	October 1949 to December 1950	
Scott Valley (new discovery by Bureau).	Western Valley County	Preliminary sampling	June 1949	
		644 feet of churn drilling	June, July 1950	
		Analyses for above	1950, 1951	
Horsethief Basin (new discovery by Bureau).	do	Preliminary sampling	June 1950	
		119 feet of churn drilling	July, August 1950	
		Analyses for above	1950, 1951	
Pearsol Creek (discovery by Bureau).	do	Preliminary sampling	May to September 1950	
		3,898 feet of churn drilling	July to November 1951	
		Analyses for above	1952	
Corral Creek (discovery by Bureau).	do	Preliminary sampling	May to September 1950	
		2,544 feet of churn drilling	June to November 1951	
		Analyses for above	1952	

Bureau of Mines—AEC radioactive minerals programs in Idaho—Continued

Property	Location	Work performed	Date
Other properties explored:			
Gold Fork	Western Valley County	Examination, churn drilling, and analysis.	1950, 1951
Alexander Flats	Elmore County	do	1949, 1952
Warren Meadows [1]	Southern Idaho County	do	1951
Lake Creek	do	Examination, shafting, and analysis.	1949
Kelly Meadows	do	Examination, churn drilling, and analysis.	1950
Clear Creek	Western Valley County	do	1950, 1951
Beaver Creek	do	do	1952
West Mountain	do	do	1952
Stolle Meadows	do	do	1950
Rabbit Creek	Boise County	do	1952
Stanley and Meadow Creeks.	Custer County	do	1952
Dry Creek	Ada County	do	1951
Garden Valley	Boise County	do	1953
Grouse Creek	Western Idaho County	Trenching and analyses	1952
Johnson Creek	Canyon County	Examination, churn drilling, and analysis.	1950
Mud Flats	Ada County	do	1952
Peace Valley	Southern Valley County	do	1951
Red River	Central Idaho County	do	1953

[1] Known as monazite deposit. All others are new monazite occurrences.

Preliminary examinations

Area	Location	Date
North Fork of Clearwater	Clearwater County	1951
Middle Fork of Clearwater	Idaho County	1951
South Fork of Salmon River	Valley County	1950
Elk Creek (near Bear Valley)	do	1950
Summit Flats (Boise Basin)	Boise County	1949 and 1953
South Fork of Boise River	Elomore County	1951
Jordan River	Owyhee County	1951
Sucker Creek	do	1953
Rock Creek	Camas County	1953
Camp Creek	do	1953
Yellowjacket Creek	Lemhi County	1953
Lemhi River	do	1951
Camas Creek	do	1952
Feather River	Elmore County	1951
Flat Creek	Idaho County	1951
Crooked River	do	1951
Elk River	do	1951
Buffalo Gulch	do	1953
Weiser River	Washington County	1951
Squaw Creek	Gem County	1950
High Valley	do	1953
Deadwood River	Valley County	1951
Lost Rivers	Custer County	1952
Wood River	Blaine County	1952
And many others.		

PORTER BROS. CORP.,
Boise, Idaho, January 20, 1954.

Mr. M. H. KLINE,
Chief, Rare and Precious Metals Branch,
United States Bureau of Mines, Washington, D. C.

DEAR MR. KLINE: As you know, for the past several weeks I have been here in Washington working with ODM and EPS to execute a contract for the purchase of the columbium and tantalum minerals which will be produced in Bear Valley next summer. As soon as the details of the contract are worked out, I will then have to make similar arrangements with the Atomic Energy Commission for the purchase of the uranium and thorium that will be produced as coproducts from our operation.

I have been amazed that so few people in the concerned Government agencies realize that Bear Valley could produce a very large percentage of the national

requirements of columbium and tantalum, and that we now are importing more than 95 percent of our needs for these two metals.

I believe you will be pleased to know that your report BM–SMIB–4602–10, Bear Valley Placers, Valley County, Idaho, has been most useful in helping to convince the Government agencies of the reserves found in Bear Valley. As you know, the only other evidence in writing which recognizes Bear Valley as being an important mineral deposit is the geological report which was written by Dr. Mackin of the USGS after you requested that his services be obtained for that purpose.

Your initial work in Bear Valley in the fall of 1950 which was followed by exploration drilling in the following year was, to our knowledge, the first systematic exploration program ever conducted in that new area. The results of your work checked the data subsequently obtained as a result of our own later drilling, and your report has given great credence to the fact that Bear Valley is not only a new but a most unusual type of placer deposit containing many of the strategic minerals needed by our country.

Your earlier work in discovering the extensive monazite deposits in the Long Valley area near Cascade has given a new lease on life to the placer mining industry in Idaho. Certainly no one ever expected that, in this valley valued only for seasonal farming, there was hiding a tremendous deposit of monazite. Your exploration drilling program proved, however, that this valley contained a rich source of fissionable metal and the first commercial deposit of rare earth minerals in the United States.

Your kind cooperation in helping to foster this new industry in Idaho is much appreciated, and I know that the other operators in this field also have a high regard for your work.

Yours very truly,

PORTER BROS. CORP.,
R. P. PORTER, *President.*

UNITED STATES, ATOMIC ENERGY COMMISSION,
Division of Raw Materials, August 4, 1952.

Mr. MITCHELL H. KLINE,
Chief, Rare and Precious Metals Branch,
Bureau of Mines, Washington, D. C.

DEAR MR. KLINE: I am very pleased to transmit herewith a copy of a letter of July 21, 1952, from the J. R. Simplot Co., Boise, Idaho, commending the Special Minerals Branch of the Bureau of Mines for the excellent manner in which the Idaho monazite project has been conducted.

We heartily concur in this commendation and appreciate the fine work you have done for the AEC.

Very sincerely,

PHILLIP L. MERRITT,
Assistant Director.

J. R. SIMPLOT CO.,
Boise, Idaho, July 21, 1952.

Dr. PHILIP L. MERRITT,
Assistant Director, Division of Raw Materials,
Atomic Energy Commission, New York, N. Y.

DEAR DR. MERRITT: We would like very much to take this opportunity to commend the Bureau of Mines upon the excellent manner in which the operations of the Special Minerals Branch of the Bureau of Mines in Idaho have been conducted.

J. R. Simplot Co. has extensive Idaho mining interests and interests in monazite dredging operations, and accordingly, has had a special opportunity to observe the work of the Special Minerals Branch in Idaho, which was formerly headed by Mr. Edwin J. Carlson and is now headed by Mr. Richard Storch.

We can assure you that the activities of those men and of the Special Minerals Branch in Idaho has been a credit to the Bureau of Mines and merit sincere commendation.

Very truly yours,

ROBERT I. TROXELL,
Executive Vice President.

BAUMHOFF-MARSHALL, INC.,
Boise, Idaho, August 26, 1952.

Dr. PHILLIP L. MERRITT,
Assistant Director Division of Raw Materials, Atomic Energy Commission, New York, N. Y.

DEAR MR. MERRITT: During the past 3 years the Special Minerals Investigation Branch of the United States Bureau of Mines has conducted a large number of exploration and sampling programs in the monazite fields of Idaho. The work that they have done has been of great help to our company, and to the other mining companies that have pioneered the dredge mining and subsequent concentration and separation of monazite in this field.

We put in the first dredge for the recovery of monazite in the Big Creek area near Cascade, Idaho, during the fall and winter of 1950–51. This gold dredge was not designed to save heavy minerals other than gold. Many changes in design and flow sheet were necessary. The Bureau of Mines engineers and samplers helped us immeasurably in making the changes that were necessary to improve recovery of monazite so that we could continue operation with out large financial losses.

The Bureau of Mines churn drilling indicated that a certain grade of monazite content was contained in the gravels of that large deposit. We are pleased to state that the amount of monazite indicated by their drilling is very close to the amount per cubic yard of gravels that is now recovered by our dredges.

I wish to express my appreciation to the Atomic Energy Commission for making funds available to the Bureau of Mines for the investigations that have led to a new mining industry being established in the State of Idaho. The programs organized and conducted by Mr. M. H. Kline and his field staff of Messrs. F. J. Carlson, R. H. Storch and H. F. Griffith have been invaluable to us. I hope their work can continue in this area.

Yours very truly,

BAUMHOFF-MARSHALL, INC.
BY A. F. BAUMHOFF, *President.*

IDAHO-CANADIAN DREDGING CO.,
Boise, Idaho, September 9, 1952.

Dr. PHILLIP L. MERRITT,
Assistant Director, Division of Raw Materials,
Atomic Energy Commission, New York, N. Y.

DEAR MR. MERRITT: We wish to express our deep appreciation of the fine work which has been done during the past 3 years by the Bureau of Mines men in connection with the investigation of monazite deposits in Idaho, which has been made possible through the appropriations and cooperation of the Atomic Energy Commission.

The sampling, drilling, prospecting, and looking for commercial deposits of monazite over the past 3 years has made it possible for us and other commercial operators to lay out dredging projects for the production of this mineral.

Our company carried on a drilling program in the Cascade area during 1950 and 1951. In July 1951, we started moving our dredge and erecting it on property a few miles south of Cascade, Idaho, and started operating in December of that year. The work which had been done by the Bureau of Mines men was very helpful to us in finding a suitable location for our dredge.

Mr. M. H. Kline, Mr. E. J. Carlson, Mr. R. H. Storch, and Mr. R. F. Griffith, together with the men working under them, have been particularly helpful and cooperative in connection with our project and in helping us to work out our methods of saving concentrate from which the monazite and other minerals are separated. The sampling and testing on the dredge of our concentrates and saving equipment and also in the separating plant has been of great help to us in working out improvements in the processing.

The mining and separating of monazite is a new industry with many problems yet to be solved before the industry can be said to be well established. The three dredges working in this vicinity are the only substantial producers of monazite. We do not know what the needs of the Atomic Energy Commission or other Government departments may be but we do know that there is a great shortage of this product among the commercial users and an urgent demand on their part for increased production. We feel that this fine program should be continued,

at least until more of these problems have been solved and the industry has become more firmly established.

We sincerely hope that the Atomic Energy Commission will see fit to make it possible for this program to be continued.

Very truly yours,

IDAHO-CANADIAN DREDGING CO.
By H. B. MURPHY, *President.*

Mr. BUDGE. Big dredges are operating out there now taking out the rare earths where there was no placer operation previously. However, the rare earths were discovered out there many years ago.

Mr. ZINNER. Yes, the existence of the rare earths in the area has been known.

TITANIUM RESEARCH

Mr. FENTON. Before we leave the nonferrous metals, and coming back to titanium, you state that there is about $400,000 in this bill for titanium. How much of that $400,000 is for your production out at Boulder City and how much is for research?

Mr. ZINNER. All of the titanium money in this program is for research. There is none for production. All of the production that we are doing is done under the contract with other agencies.

Mr. FENTON. They pay their own way?

Mr. ZINNER. That is right. They buy the metal on a cost-accounting basis.

NONMETALLIC MINERALS

Mr. FENTON. We will insert in the record the table on page 50 of the justifications. It is entitled, "Nonmetallic minerals."

(The material referred to is as follows:)

(c) *Nonmetallic minerals*

Subactivity	Adjusted appropriation	Decreases	Subtotal	Estimate, 1955	Increases	Page reference	
						Table	Justification
(1) Minerals of construction	$249,808	$35,680	$214,128	$214,128	----------	------	50
(2) Chemical materials	119,138	5,324	113,814	113,814	----------	------	51
(3) Abrasives and hard materials	117,358	3,304	114,054	114,054	----------	------	51
(4) Ceramics and fertilizers	324,835	29,596	295,239	295,239	----------	------	51
(5) Maintenance, buildings and facilities	88,861	8,096	80,765	80,765	----------	------	53
Total	900,000	82,000	818,000	818,000	----------	------	----------

Mr. FENTON. Is there anything you want to say about the nonmetallic minerals, Mr. Director, at this time?

Mr. ZINNER. I think the statements that I have asked to be inserted in the record describe fairly well the extent of our present program under this activity, together with what portion of the work we intend to continue in fiscal year 1955.

MICA

I would like to call your attention to one item since it illustrates the ideal procedure of moving research into actual usage and of industry taking over an operation at the proper time.

I call your particular attention to "Ceramics and fertilizers materials" subactivity. Industry is taking up the manufacturing of reconstituted products from synthetic flake mica. That has permitted us to go back into the basic problem of trying to grow and synthesize larger crystals of this material.

We hope that a similar pattern can eventually be shown in asbestos. Much of the work under this activity is aimed toward synthesis of asbestos. We have not reached the stage there that we have in the case of mica.

Mr. FENTON. That leads me to the question then, as stated in the hearings last year, that the Bureau should do the fundamental research, and after proving the practicability of the research let industry take over and develop it.

How many projects have been picked up by industry since this time last year and how many have you dropped?

Mr. ZINNER. You mean, under this particular title?

Mr. FENTON. Yes.

Mr. ZINNER. I would say that the only——

Mr. FENTON. For the whole research program.

Mr. ZINNER. Most significant was this great expansion in titanium. There have been several new operations that have come in as a result of the Bureau's basic work in that field. Zirconium is another one. A new plant has gone into operation, again based on the results of work at Albany, Oreg., on zirconium.

Synthetic mica has moved ahead very well this year. Those are the significant instances I recall at the moment. This is a continuing process. There is no sharp cutoff on these developments. I have no way of anticipating before the end of this fiscal year what else might move into industry through the same procedure.

Mr. FENTON. Titanium and mica are the two?

Mr. ZINNER. And zirconium.

Mr. BUDGE. How does it happen that you are able to cease the mica research program?

Mr. ZINNER. To cease it?

Mr. BUDGE. Yes, cut it off.

Mr. ZINNER. We have not, exactly. What we have done is to move away from this particular phase of it and go back into the basic problem of trying to grow larger crystals. We have moved away from this routine operation of making small flake synthetic mica.

Mr. BUDGE. You said that industry had taken over.

Mr. ZINNER. They have taken over that part of it. We hope that the program will produce incentives for more than one new enterprise.

Mr. BUDGE. I recall one instance a couple of years ago where it took a substantial mica producer about 18 months to convince the Bureau of Mines that they had strategic mica.

In that instance, the Bureau of Mines held up letting the program go for about 18 months.

Mr. ZINNER. Is this a case of purchasing mica for stockpiling?

Mr. BUDGE. Yes. The Bureau of Mines did not want to seem to agree that it was strategic mica.

Mr. ZINNER. I cannot imagine how the Bureau became involved in that, because the purchasing of strategic grade mica for stockpiling has not been our concern.

We have had a concern in the exploration program conducted by the DMEA. There are some deposits that we did not agree should be financed under that program.

I do not know if this particular case falls into that category. If it was turned down, it was done so on technologic grounds or because it did not qualify under that program.

I can assure you that we had nothing to do with purchasing mica.

Mr. BUDGE. The DMEA program is the one to which I refer. It took about 18 months before the Bureau of Mines decided there was strategic mica in that deposit, which was sufficient I think to take care of all the strategic mica purchases that the Government wanted.

The thing I am getting at has two parts. One is that we keep hearing all the time that you are going to turn things over when industry can take them over. The other is that you have claims all through here that you are assisting the mining industry. I would like to see some concrete examples of where you assist the mining industry. I know that you did not assist in the mica business, and now you are out of the mica business, apparently.

Mr. ZINNER. I think if the particular case to which you refer were examined carefully you would find that there were justifiable reasons for examining closely into the ability of that property to produce all the strategic grade mica that the Government wanted.

Mr. BUDGE. It is producing it and a lot of it now. Mr. Chairman, I would like to ask that the previous statement relative to lead and zinc also include a statement as to what the Bureau of Mines has done or has attempted to do for that industry during the past 3 years.

MINERAL RESEARCH, UNCLASSIFIED

Mr. FENTON. Very well. We will go to "Mineral research, unclassified." We will insert at this point in the record the table on page 54.

(The material referred to is as follows:)

(d) Mineral research, unclassified

Subactivity	Adjusted appropriation	Decreases	Subtotal	Estimate, 1955	Increases	Page reference	
						Table	Justification
(1) Mineral research, unclassified	$475,601	$59,000	$416,601	$416,601	.....	.....	55
(2) Arkansas-White-Red River surveys	225,288	38,000	187,288	187,288	.....	.....	55
(3) New England-New York minerals survey	159,111	38,000	121,111	121,111	.....	.....	56
(4) Missouri River Basin survey	142,505	42,505	100,000	100,000	.....	.....	56
Total	1,002,505	177,505	825,000	825,000	.....	.....	.....

Mr. FENTON. How is the money allowed in this item being used this year?

Mr. ZINNER. Three of the four subactivities under unclassified research have to do with the departmental and interdepartmental

river-basin surveys. The first item, which is the general unclassified item, goes to cover the basic research activities that are not definitely associated with one or the other of the commodity items described under previous titles.

It includes basic research on the thermodynamics of metals, the basic criteria that are required in all research programs related to metals.

Also, it provides for the activity on applied physics to mining. This has to do with rock movement and the planning of mining operations from the theoretical side. Those are two major functions under this unclassified research program.

The work done on the design bits that will last longer and drill more economically is also included here.

Mr. BUDGE. Could I interrupt there?

Mr. FENTON. Yes, indeed.

Mr. BUDGE. What does that have to do with mining?

Mr. ZINNER. A diamond bit?

Mr. BUDGE. Bits that are to be used for mining.

Mr. ZINNER. For drilling in rock formations. The theory was evolved under this program that orienting industrial diamonds a certain way in the bit to utilize the hard facets would improve the footage that could be drilled with bits, and consequently greatly reduce the exploration cost.

If you project this into industrywide application, the outlook for reducing exploration costs will be projected into more footage under a given contract. We feel that one of the basic problems in maintaining reserves or resources, if you will, is the need for more exploration.

This may appear to be a backward way of getting at it, but it is one of the contributions made in that field. It is purely a basic research problem.

Mr. BUDGE. That answers my question.

Mr. ZINNER. You asked previously for something that had been carried over into industry. This is one development that has been adopted by a number of manufacturers of these bits. In the very near future a high percentage of all bits will be oriented in that fashion. It is a very substantial industrial contribution. It will be another area of activity from which we will be able to withdraw very shortly. We figure the research job is about done.

Mr. FENTON. Under this item I note in the Justifications where you say that the ultimate objective of such research, that is, the mineral research unclassified, is the extraction of mineral raw materials from every conceivable source by any conceivable method. You also say that since the mineral industry has progressed by emphasizing engineering development and has been laggard in developing new scientific principles in theory, there are numerous problems awaiting attack. What do you say to that statement?

Mr. ZINNER. I think both statements are correct. I touched so far in this discussion only on the part relating to the mining research, including problems in extracting ore from the ground. There are also problems in extractive metallurgy. A new process, such as

liquid-liquid separation or other relatively new techniques might apply to a number of commodities and permit the exploitation of extremely low-grade or complex materials.

We are using materials now as ore that were considered to be waste rock in the past. It is one of the difficulties I have in answering Mr. Budge's question on what constitutes a reserve. I would rather use the word "resource." I am certain we are discarding materials today which in the future might be considered commercial ore. This will be possible because somebody will develop a technique to permit the economical extraction of metals or minerals from such low-grade materials.

In Arkansas, which we discussed this morning, you will find that during the past 10 years specifications for bauxite have become much more liberal because the companies have found ways of using bauxite containing more silica than was acceptable in the past. They have found ways of getting rid of some of this silica. The research that made this possible is simply accepted as a natural event. It is not realized that a tremendous effort was put into every one of these developments by the companies before the use of such offgrade materials was made possible.

I have reason to believe that these clays will be an ore of the future even though now they are merely considered as clay.

EXPERIMENTS IN LOW-GRADE ORES

Mr. BUDGE. Why should you be experimenting in some way to market the low-grade ores when they cannot commercially market the high-grade ores?

Mr. ZINNER. Because in most of these commodities——

Mr. BUDGE. Take it back to lead and zinc, just what you referred to a minute ago.

Mr. ZINNER. We look on this current condition in this industry as a temporary thing. Research cannot come up with an answer to inadequate supply when the problem of shortages is on us again. When you are faced with a situation such as we were at the beginning of the last war, economics become less important. Even now we certainly do not have technology developed to the point where we can say, "We are self-sufficient in lead and zinc because we know how to effectively extract a usable product from all of our known resources."

Mr. BUDGE. But the Bureau of Mines is supposed to be the agency of the United States Government to assist the mining industry. I do not see where you are assisting the mining industry when you are studying how to extract low-grade ores and market them, when in this particular field they cannot even market the high-grade ores. You are looking at something that is way off in the future. You may have the whole industry broke before you get to that phase of it. They are nearly broke now.

Mr. ZINNER. We do not believe this is the end of the base metals industry by a long shot. In the future we will be faced again with the problem that we have been faced with before, of mining increasingly lower grade ores and still trying to maintain a sound domestic industry.

Mr. BUDGE. I wish you would figure out some way to sell the high grade and we will worry about the low grade 2 years from now.

Mr. ZINNER. I think both are pretty important problems.

RESEARCH IN BAUXITE

Mr. NORRELL. Is it not true, Doctor, that you have in Arkansas alone an unlimited supply of low-grade bauxite, if you could find a cheaper way of processing it so that it would be economically feasible?

Now, it costs a great deal to extract the silica. Is it not true that if you could really find a way to process the low grade, then you would have what might be considered an unlimited supply of bauxite in the United States?

Mr. ZINNER. There would be a very substantial supply.

Mr. NORRELL. Are you satisfied that you are doing all you can do to assist the companies to find ways to process this so that it would be economically feasible?

Mr. ZINNER. Within the limits of available funds, yes. Of course, there are a lot of problems that have not been studied and some are very critical.

These things cost a lot of money. We are trying to do as much as we can conceivably do within the limits of a reasonable budget estimate.

I think I stated this morning, if I did not I would like to state now, that we are not conducting an alumina research program that I feel is consistent with the eventual size of the problem. However, we do feel that within the limit of available funds, we are maintaining an effective program. The same could be said for most commodities we have discussed.

Mr. FENTON. Throughout this whole volume of justifications you find where we are in short supply of things, that we have to depend on foreign imports for our economy, and you dwell on the things that we have. For years it has been going on and yet we find that we are still a little backward in the program of research.

RESEARCH IN MANGANESE

Mr. ZINNER. I would like to emphasize that. I think a classic example which I have cited before is that of manganese. When the Bureau first came before your committee 14 or 15 years ago and pointed out the need for getting into this research program in manganese, the statement was made that this country produces only 10 percent of its requirements. Since then there has been a tremendous investment in manganese research, not only by the Bureau but by industry and by way of financial aid to the industry and incentive programs, purchasing programs, and the like. Today, we only produce something like 7 percent of our requirements.

You could observe that if we work long enough we will not produce anything domestically and we would have to depend on foreign sources for 100 percent of our manganese.

But what actually has happened is a phenomenal growth in mineral demand and the mineral industry, which in turn has caused the requirements to move up very substantially. Manganese requirements are associated to a great extent with steel. You are aware of the tremendous increase in steelmaking capacity. Actually, while there have been substantial results from manganese research, and from these other investments, the demands have outstripped those results.

In the next few years that demand is going to continue to increase. We may be faced with trying to hold our own position—poor as it might be. If we happen to find it possible to improve our position in any instance, that becomes a major achievement, in my estimation.

Mr. NORRELL. Is it not true that there is a tendency here not to use the American natural resources when we do need a greater supply of something, and get that bauxite, or get whatever you are talking about, from some foreign country? That is all right—I am not against that—but is that not true? We use the foreign imports as much as we can, do we not?

Mr. ZINNER. You are touching on international policy and other factors at this point.

I am sure you gentlemen know that this matter of national mineral policy is up before a President's Committee at the present time. The committee is made up of the Secretaries of the Department of the Interior, Department of State, Department of Commerce, and the ODM.

Mr. NORRELL. I am inclined to believe that the policy as it affects mineral resources, internationally, is about the same policy that affects agricultural resources. The American quantity of minerals and agricultural resources, and everything else, are to some extent being bottled up and not being placed on the foreign market, and only a limited amount on the domestic market, in order to open up more fields for foreign governments to trade.

We have a bill in the House today regarding agriculture. The reason that we cannot use our agricultural produce is because some other country has the business of supplying this area of the world, or that, or the other. Our State Department consequently will not permit the foreign market trade.

I want to help our foreign countries, but you are kind of bottling the thing up here. Take the field of bauxite. I know most of you can remember that during World War II the importation of foreign bauxite was centered in this country. Then it was that you had to go down into my State to get your bauxite. You found plenty of it, and you will find plenty next time.

It seems to me that we ought to begin, in the field of coal or steel, to have greater research and quit talking and believing that we are just about to run out tomorrow.

Mr. BUDGE. Mr. Norrell, that is exactly true in this lead and zinc situation. I am glad you mentioned it. While the Federal Government placed a ceiling on lead and zinc at approximately 17 cents, they refused to let the domestic producers sell outside the United States on the world market and at the same time the United States Govern-

ment went out of the country and bought lead and zinc at 21 up to 28 cents a pound and shipped it in. They just wrecked the industry deliberately.

Mr. NORRELL. That is right. I am not willing to let any international board, whether on wheat, zinc, cotton, or what, regulate the domestic economy of my country.

I hope some of you have been down in Arkansas. You know that we have miles and miles of hills full of low-grade bauxite. We have enough to supply the needs of America from now to judgment day, if we could process this extremely low-grade bauxite. But we are not doing it.

And then if we should do it, as my friend from Idaho said, we would not want to sell anything to a foreign country, don't disturb this section, that one, or the other.

I would like to say that I think we ought to try to channel our money where we will get the maximum benefit out of it. I am glad that you have an item here for Arkansas. It is No. 2 on this page. I am interested in that. But, frankly, the biggest thing we have in my State so far as you are concerned is bauxite, as the Director knows. It is something that we already know we have, not something that we do not know anything about and which might be in some mineral bottom somewhere.

Mr. ZINNER. We feel that the tantalum and columbium potentials in Arkansas are very important.

Mr. NORRELL. I wish you would put something in the record about that.

Mr. ZINNER. The material that I submitted to the chairman includes that.

Mr. NORRELL. That is a very attractive subject.

Mr. ZINNER. If you wish, Mr. Chairman, I have a short prepared statement on the work at Bauxite, Ark., if you care to have that in the record.

Mr. FENTON. I think that would be all right.

(The material referred to is as follows:)

BAUXITE, ARK.

The objectives of the Bureau of Mines research activities at Bauxite, Ark., are the development of methods for concentrating and extracting the titanium, columbium, and tantalum values from the Arkansas deposits, and also the development of methods for upgrading high-iron and high-silica bauxites so that they can be used in commercial applications.

The analysis of a large number of materials located in Arkansas has shown that columbium is generally concentrated with the titanium- and zirconium-bearing minerals. Large reserves of such minerals are known to occur in the bauxite deposits and the titanium mineral deposits of the Magnet Cove area in Arkansas. Quantitative data on total reserves are not known, but it has been estimated that the columbium contained in the black sands rejected in the processing of bauxite to alumina would meet one-half of the present domestic requirements for columbium. The development of methods for concentrating the titanium and columbium values in these black-sand rejects and in other titanium-bearing ores of Arkansas was tested on a laboratory and pilot-plant scale. The concentrates were then sent to Rolla, Mo., for further testing of the concentrates for selective recovery of the contained valuables. The concentration of columbium-containing minerals of Arkansas will be continued and the research will be extended to include additional raw materials.

The research on upgrading of high-iron and high-silica bauxites has shown that certain of these materials will, by selected treatments, yield high-grade products that could be used for the production of alumina, aluminum salts, and abrasives. Selective leaching of silica from bauxite was extended to include additional types of bauxite ores, as was the magnetic separation of iron from bauxite. Results of these tests have shown that changes in the benefication procedures are required for different ores as the chemical and physical properties vary, and continued research is required to test samples from additional ores and to develop better benefication procedures.

Control of Fires in Inactive Coal Deposits

Mr. Fenton. We will insert in the record at this time the table on page 58, "Control of fires in inactive coal deposits."

(The material referred to is as follows:)

3. Control of fires in inactive coal deposits

Control of fires in inactive coal deposits:	
Adjusted appropriation	$354, 925
Decreases	54, 925
Subtotal	300, 000
Estimate, 1955	300, 000
Increases	----------
Page reference:	
Table	----------
Justification	58

Mr. Fenton. Mr. Director, if you will insert in the record at this point a tabulation showing fires controlled in inactive coal deposits, the number of tons saved and the value, we would appreciate it.

Mr. Forbes. We will be very glad to do that.

(The material referred to is as follows:)

TABLE 1.—*Completed mine fire-control projects, July 1949–June 1953*

Name of fire	Location	Land	Date completed	Cost	Estimated tons, coal conserved	Remarks
I. H. I.	Rifle, Colo.	Public	July 1949	$39,867	1,600,000	
Lloydsville	Latrobe, Pa.	Private	do	9,501		Valuable industrial and residential property saved.
Cook Plan	Monessen, Pa.	do	do	18,454		High school and residential property saved.
Lick Run	Bruceton, Pa.	Public and private.	September 1949	40,452	2,000,000	Fire threatened public property and private coal lands.
North Park	Coalmont, Colo.	Public	October 1949	55,751	12,000,000	
Peach Mountain	Pottsville, Pa.	Private	do	30,529	2,000,000	
Moyer Gulch	Gillette, Wyo.	Public	May 1950	39,461	6,000,000	
Fairmont	Fairmont, W. Va.	Private	July 1950	15,000		Valuable residential property endangered.
Canfield	Tecla, Wyo.	Public	August 1950	75,736	15,000,000	
Laur	Gillette, Wyo.	do	September 1950	6,581	5,000,000	
Shamokin	Shamokin, Pa.	Private	October 1950	4,854		3 cemeteries endangered.
Burning Mine	Bill, Wyo.	Public	December 1950	54,690	20,000,000	
San Juan	La Ventana, N. Mex.	do	March 1951	32,996	3,000,000	
Kulpmont	Kulpmont, Pa.	Private	May 1951	85,840		High school and residential property endangered.
Ross Farm	Monessen, Pa.	do	July 1951	3,000		Residential section endangered.
Little Thunder	Hilight, Wyo.	Public	September 1951	47,533	20,000,000	
Pyle	Fruitland, N. Mex.	do	do	14,498	5,000,000	
Padlock	Gillette, Wyo.	do	do	42,880	15,000,000	
Skull Creek	Craig, Colo.	do	December 1951	17,434	2,500,000	
Carbondale	Carbondale, Pa.	Private	February 1952	160,721	10,000,000	Large section of city endangered.
Pricedale	Pricedale, Pa.	do	October 1952	44,085		
Mount Carmel	Mount Carmel, Pa.	do	do	203,271		Do.
Dugger-Rollins	Delta County, Colo.	Public	do	49,776	25,000,000	
Bigelow Blvd	Pittsburgh, Pa.	Private	December 1952	30,000		Endangered large housing development.
Elk Creek	Campbell County, Wyo.	Public	do	42,094	11,000,000	
Tower City	Tower City, Pa.	Private		115,000	35,000,000	Project to be completed in fiscal year 1953.

TABLE 2.—*Proposed mine fire-control projects, fiscal year 1954*

Name of fire	Location	Land	Cost	Estimated Tons coal conserved	Remarks
Homer	Homer, Alaska	Public	$15,000		
Moose Creek	Healy River, Alaska	do	10,000		
East Quitchingpaw	Emery County, Utah	do	45,000		
Snake River	Wyoming	do	87,000		
Black diamond	do	do	68,000		
Savery	do	do	25,000		
Monessen	Monessen, Pa	Private	14,000		
Agnew Road	Allegheny County, Pa	do	24,000		

TABLE 3.—*Bureau of Mines record fires in inactive coal deposits*

PENNSYLVANIA

Name of fire	Location of fire	Estimated cost to control	Remarks
Glassport outcrop	Borough of Glassport, Allegheny County.	$60,000	In sparsely populated area but could spread to dense one.
West Wilmerding outcrop.	West Wilmerding, North Versailles Township, Allegheny County.	43,000	Fire near residential district of 70 to 80 homes.
Monessen [1]	Monessen, Westmoreland County.	20,000	Many homes and school near fire. Several fires involved.
Abandoned coal mine	Moon Township, Allegheny County.	10,000	Fire menacing nearby homes and inhabitants.
Do	Between West Elizabeth and Large in Allegheny County.	750,000	Fire burning 50 years or more, reducing property values and menacing inhabitants.
Do	Near Turtle Creek, Allegheny County.	----------	Occupants of caretaker's home in cemetery hospitalized by fumes from fire.
Glass Run	Churchview Ave., Baldwin Township, Allegheny County.	20,000	Active fire near residential district and menacing small coal-mine operation.
Outcrop	Near Wilkensburg, Allegheny County.	----------	Fire eventually will affect valuable residential district.
Outcrop of abandoned coal mine.	Kennedy Township, Allegheny County.	----------	Over $50,000 spent to control fires and protect county road. Fire menaces lives and nearby residences.
Imperial	Imperial, Allegheny County.	20,000	Public school 300 feet away menaced.
West Mifflin	West Mifflin Borough, Allegheny County.	80,000	Houses very near to fire.
Carnot	Carnot, Allegheny County.	5,000	
McKeesport	McKeesport, Allegheny County.	20,000	50 houses endangered.
Pittsburgh	Wylie and Herron Aves., Pittsburgh, Allegheny County.	26,000	Densely populated district.
Daiseytown	West Pike Run Township, Washington County.	25,000	3 houses endangered.
Grandview	Between Donora and Charleroi, Washington County.	20,000	Houses within 300 feet of fire.
Smith Township	Smith Township, Allegheny County.	80,000	Houses nearby endangered.
Donora	Donora, Washington County.	10,000	
Mount Braddock Mine	Mount Braddock, Fayette County.	60,000	5 million tons of coal endangered.
Smithfield	Smithfield, Nicholson Township, Fayette County.	50,000	
Masontown	Masontown, Nicholson Township, Fayette County.	320,000	2 million tons of coal and many houses endangered.
Clarissa Mine	Vanderbilt, Fayette County.	35,000	
Ferguson and Hill Farm Mines.	Dunbar, Fayette County	50,000	
Wheeler Mine	Connellsville, Fayette County.	23,000	
Puritan Mine	Near McClellandtown, Fayette County.	5,000	
Catfish Run	Near Library, Allegheny County.	50,000	Menaces Gould development project.
Experimental Mine [1]	Bruceton, Allegheny County.	40,000	Bureau of Mines Experimental Mine, Research laboratories, and Explosives Testing Station menaced.

See footnotes at end of table, p. 342.

TABLE 3.—*Bureau of Mines record fires in inactive coal deposits*—Continued

PENNSYLVANIA—Continued

Name of fire	Location of fire	Estimated cost to control	Remarks
Lloydsville [1]	Near Latrobe, Westmoreland County.	$12,000	75 houses, industrial plant, and main line Pennsylvania RR. menaced.
Jefferson Township	Jefferson Township, Allegheny County.	12,000	Endangers several homes.
Edgewood Dr	O'Hara Township, Allegheny County.		Densely populated district.
Agnew Rd.[2]	Baldwin Township, Allegheny County.		High school and numerous homes endangered.
Adah	Lake Lynn, Allegheny County.		
Ardmore Blvd	Wilkinsburg, Allegheny County.		
Arnoni	Jefferson Township, Allegheny County.		
Monessen, S. W.[2]	Monessen, Westmoreland County.	14,000	Endangers large residential section.
Petermans Corners	Penn Township, Allegheny County.	13,000	Many houses menaced.
Sanda Dr	Sanda Dr., Baldwin Township, Allegheny County.		Fire menaces 2 radio transmission towers and several houses.
Abandoned coal mine	Borough of Greentree, Allegheny County.	10,000	Fire will endanger Greentree tunnel of Pittsburgh & West Virginia RR.
Hockburg Ave	Penn Township, Allegheny County.	10,000	Fire in abandoned mineworkings endangers residential district.
Pricedale [1]	Westmoreland County		Fire will endanger high school and residential area.
Hope Hollow Rd	Allegheny County		Fire near residential area.
Penn Township	do		Fire in abandoned mine menaces several residences.
Green Valley	North Versailles Township, Allegheny County.		Fire endangers large housing project.
Boston	Lincoln Township, Allegheny County.		Fire endangers school building and several houses.
Old Frame	Fayette County		Fire being controlled by property owners and State.
Burgettstown	Washington County		Extensive fire menaces large residential district.
Mount Carmel [1]	Mount Carmel Township, adjoining the Borough of Mount Carmel.	135,000	10 double dwellings and occupants menaced; 5 million tons of anthracite endangered.
Carbondale [1]	West side of city of Carbondale, Lackawanna County.	242,000	Fire in abandoned strip pit; menace to health, and 10 million tons of anthracite endagered.
Kulpmont [1]	Kulpmont, Northumberland County.	105,000	High-school building and other property endangered.
Braddock	Braddock, Allegheny County.		Residential section endangered.
Old Forge	Old Forge, Lackawanna County.		Fire near residential section.
Campania St	Pittsburgh, Allegheny County.		
Duquesne Heights	Pittsburgh, Allegheny County.		
Finley Ave	Scott Township, Allegheny County.		
Forest Hills Borough	Allegheny County		
Hoffman Rd. Extended	Mount Troy Reserve Township, Allegheny County.		
Irvin Works	Dravosburg, Allegheny County.		
New Derry	New Derry, Westmoreland County.		Outcrop fire.
Churchview Ave	Baldwin Township, Allegheny County.		Residences endangered.
Bigelow Blvd.[1]	Pittsburgh, Allegheny County.		Do.
Shamokin [1]	Shamokin, Northumberland County.	12,000	Several cemeteries endangered.
Dragondale	Near Borough of Atlas, about 1 mile west of Mount Carmel, Northumberland County.		Fire has destroyed about 1½ million tons of anthracite. About $400,000 spent to extinguish the fire.
Tower City Mine [1]	About 1 mile north of Reinerton in Schuylkill County.		Fire started in "bootleg" mine. 3 million tons of anthracite endangered.
Peach Mountain [1]	Pottsville, Schuylkill County.	30,000	2 million tons of anthracite endangered.

See footnotes at end of table, p. 342.

TABLE 3.—*Bureau of Mines record fires in anactive coal deposits*—Continued

PENNSYLVANIA—Continued

Name of fire	Location of fire	Estimated cost to control	Remarks
Lamar St	Pittsburgh, Allegheny County.		Residences endangered.
Lobuta Rd	Penn Township, Allegheny County.		
Mays Mine	Lincoln Township, Allegheny County.		
Nelson St	Pittsburgh, Allegheny County.		
Park Ave	Braddock Hills Borough, Allegheny County.		
Yost	Pittsburgh, Allegheny County.		
Nicholas	Smithfield, Fayette County		
Shoaf	Shoaf, Fayette County		
Uledi	South Union Township, Fayette County.		
Gastonville	Gastonville, Fayette County.		
Pattersons Crossing	Smith Township, Washington County.		
Larimer	North Huntingdon Township, Westmoreland County.		

OHIO

Sand Run outcrop	About 5 miles south of New Straitsville, Hocking County.	$500,000	Destroying vegetation, reforested land, and partly mined coal.
New Straitsville outcrop.	About ½ mile southeast of New Straitsville, Hocking County.	550,000	Will endanger reforested land, some dwellings, and oil wells nearby.
Bellaire	Belmont County	6,000	Houses endangered.
Carbon Hill	Hocking County		Fire burning in abandoned mine workings endangers Nelsonville.
Salem Hollow	do		Extensive outcrop fire.
Carol No. 2	Guernsey County		
Old Gore	Hocking County		
Grimm Mine	Tuscarawas County		

MARYLAND

Frostburg	Allegany County	$1,500,000	Large coal acreage involved.

WEST VIRGINIA

Maidsville No. 1	Maidsville, Monongalia County.	$75,000	5 houses endangered.
Fairmont [1]	Marion County	20,000	Endangered much valuable city property.
Maidsville No. 2	Maidsville, Monongalia County.	100,000	
Fairmont	Fairmont, Marion County	15,000	1 house endangered.
Jordan Mine	Marion County	50,000	Coal reserves endangered.
Mona Mine	Monongalia County	400,000	Do.
Mona-McCartney Mine.	do	300,000	Do.
Opekiska Mine	do	25,000	
Osage Mine	do	5,000	
Carbon Fuel Co. Mine	Kanawha County		
Millerville	Marion County		
Byrne	Monongalia County		
Morgan Mine	Reedsville, Preston County		

See footnotes at end of table, p. 342.

TABLE 3.—*Bureau of Mines record fires in inactive coal deposits*—Continued

COLORADO

Name of fire	Location of fire	Estimated cost to control	Remarks
Outcrop fire [1]	About 7 miles northeast of Rifle in Garfield County.	$38,000	Fire endangered 4,500,000 tons of coal on public domain, destroyed tipple of new I. H. I. mine and caused abandonment of new mine.
Skull Creek Mine [1]	Near Rangely	15,000	2½ million tons of coal on public domain endangered.
Dugger-Rollins [1]	Approximately 6 miles south of Battlement National Forest, near Delta.	20,000	Fire burning in outcrop on public domain. 25 million tons of coal endangered.
North Park outcrop [1]	Near Coalmont, Jackson County.	57,000	12 million tons of coal on public domain endangered.
Wisconsin Mine	Moffatt County	25,000	2 million tons of coal on public domain endangered.
Wise Hill No. 1	Near Craig, Moffatt County	25,000	Do.
Newcastle	Hogback area near Newcastle.	50,000	10 million tons of coal on public domain. endangered.
Minnesota Creek	Paonia		
Coal Gulch	Fruita		
Sunlight Mine	Red Stone		
Dry Creek	Cedaredge		
Rowland	Hotchkiss		
Current Creek	Cedaredge		
Low Creek	Ridgeway		
Harvey Gap	Silt		
Owens Mine	Cedaredge		
Dragon	Atchee		
Slagel	Cimarron		
Stanley Mine	Rangely		

MONTANA

Otto Frank outcrop	About 7 miles east of Bloomfield, Dawson County.	$25,000	3 million tons of coal endangered.
Fuller outcrop	About 13 miles west of Savage and 30 miles north of Glendive, Dawson County.		Fire reported smoldering in 30-foot lignite bed.
Reservation Creek	Tongue River Indian Reservation.		Fire in 22-foot coal bed, burning since 1922, on public domain.
Outcrop fire	Ashland		Fire endangers valuable coal bed and rangelands.
Bay Horse	Bay Horse		On public domain.
Roundup	Roundup		Do.
Alexander	Sidney		On State land.

UTAH

Abandoned coal mine	In vicinity and west of Scofield.		Fire burning about 50 years on Union Pacific Coal Co. lease.
Outcrop fire	Near Alton, Kane County	$2,000	On public domain.
East Quitchingpaw	Emery County		Do.
West Quitchingpaw	do		Do.
Smoky Mountain	Kane County		Do.
Wellington	Price County		Do.

NEW MEXICO

San Juan [1]	Near La Ventana	$35,000	3 million tons of coal on public domain endangered.
Pyle [1]	Fruitland	15,000	5 million tons of coal on public domain endangered.
La Plata	La Plata		
Peacock	La Ventana		

See footnotes at end of table, p. 342.

TABLE 3.—*Bureau of Mines record fires in inactive coal deposits*—Continued

WYOMING

Name of fire	Location of fire	Estimated cost to control	Remarks
Fire hole outcrop [1]	Little Thunder Basin, near Hi-Light.	$100,000	20 million tons of coal on public domain endangered.
Laur [1]	Near Gillette	7,500	5 million tons of coal on public domain endangered.
Canfield [1]	Near Teckla	212,000	15 million tons of coal on public domain endangered.
Hay Creek	Near Gillette, Campbell County.	50,000	5 million tons of coal on public domain endangered.
Elk Creek	do		On public domain.
Coal Gulch	do		Do.
Moyer Gulch outcrop [1]	About 13.5 miles north of Gillette, Campbell County.	74,000	6 million tons of coal on public domain endangered.
Verse	Near Verse	100,000	12 million tons of coal on public domain endangered.
Padlock [1]	Near Gillette, Campbell County.	43,000	15 million tons of coal on public domain endangered.
Company	Savery	25,000	5 million tons of coal on public domain endangered.
Snake River [2]	do	25,000	4 million tons of coal on public domain endangered.
Burning Coal [1]	Bill	50,000	20 million tons of coal on public domain endangered.
Dead Horse No. 1	Gillette, Campbell County		On public domain.
Dead Horse No. 2	do		Do.
Miller Mine	Como		Do.
Tongue River	Sheridan		Do.
Buffalo Lease	Buffalo		Do.
Pine Bed	Rawlins		Do.
Shirley	Hanna		Do.
Appel	Gillette		Do.
Morrison	Buffalo		Do.
Robertson Range	Douglas		Do.
Blue Diamond	Gillette		Do.
Savery [2]	Savery	25,000	Do.

[1] Fire-control projects completed.
[2] Fire projects in process of control.

NOTE.—Where the estimated cost is not listed the investigation has not been completed.

Mr. FENTON. We notice you have a decrease of $54,925 for that program for the next fiscal year. What can you do with a $300,000 program?

Mr. FORBES. The only thing we can do, Mr. Chairman, is the best we can with the money we have available. Of course, we took our proportionate cut in the fire-control work the same as other items of the Bureau's budget.

I want to say that our minimum fire program, which was initiated right here by this committee, has been moving along splendidly. There are now, as I recall, 13 fires that have been either extinguished or controlled in Pennsylvania and West Virginia, and 13 on the public domain in the Western States. Four additional fires are in process of being controlled. There are a lot of fires to be handled in the future. We will do the best we can with the money that Congress has made available and will make available to us for that program. It is a good program. There has been quite a saving, more than 200 million tons of coal. The cost to the Government has been less than 1 cent a ton.

CARBONDALE MINE FIRE

We have a very serious situation now developing at Carbondale, Pa. I had some calls the day before yesterday from Congressmen and Senators. It is a serious situation. We have spent quite a little money in connection with the Carbondale fire, but unfortunately we were not able to push it as rapidly as we would like.

The fire broke out at another location. From what I understand—I do not have all the facts yet—there were 15 persons who were overcome in the houses adjacent to the fire near Carbondale. It is a pretty serious matter.

We are just about out of money for this year unless we make a transfer of some money that we have already allotted to a couple of fires in Alaska to take care of this emergency situation in the anthracite region. That would not be enough either.

As I understand, it will run up to real money.

We had a fire, as you remember, at Scranton last year that cost well up toward $300,000, and that was entirely financed by the State of Pennsylvania and the mining companies. We will do the best we can, as I say, to make every dollar that Congress gives us count in effective work on this fire program.

Mr. FENTON. We would like to have a special report on conditions of that kind before we mark the bill up because we certainly don't want any lives lost from those fires.

(The matter referred to follows:)

REPORT ON CARBONDALE MINE FIRE

In March 1953, a joint report of the Federal Bureau of Mines, Pennsylvania Department of Mines, and the Hudson Coal Co., submitted to the mayor, city of Carbondale, Pa., recommended that additional flushing of the mine voids be done promptly. This report recommended excavation as the best method to fight the fire, but pointed out the importance of the time element involved in obtaining necessary surface-property titles. During the week, beginning January 24, 1954, 15 persons living in the vicinity of the fire became ill from fumes seeping into their homes. The fumes were produced by a new hot spot in the fire area. To avoid more serious consequences, several inspectors are maintaining a 24-hour patrol of the homes in the area to detect the presence of toxic gases from the fire and to warn the inhabitants, if necessary.

The fire must either be isolated by a stripping cut, or the new hot spot quenched by flushing through boreholes. Immediate action on a large scale is essential for protection of life and property of residents of the city of Carbondale. It has been reported that at least $100,000 is needed to carry on the flushing work effectively at this time. Further delay can only add to the hazardous conditions that exist and add to the cost. The fire must be controlled for the protection of the city and its residents.

The Bureau had allotted all funds appropriated for the control of mine fires for the fiscal year 1954. It was determined, however, that some funds allotted elsewhere for fire control work could be diverted to more urgent needs. These unobligated funds have been recaptured and will be made available to use in the control of the Carbondale fire, although not enough to cover the entire cost of controlling this new hot spot.

MINERAL RESEARCH, UNCLASSIFIED

In your unclassified mineral research you say that investigation of several processes offer promise of recovering minerals from their ores more cheaply and effectively. Does that mean those are other projects that we have appropriated money for? Is this additional money?

Mr. ZINNER. No, Mr. Chairman, it does not. The processes are those that might have broad metallurgical application. For example, a technique like the application of ultrasonics to the concentration of fine material, or processes of that type, is contemplated. Putting a force to work which is not presently being used generally in the industry would come under this title.

The work at this point of investigation has nothing to do, and cannot logically be associated with any specific commodity.

Mr. FENTON. You have a pretty sizable appropriation for that. I was just wondering whether or not it referred to ores already taken care of under other headings?

Mr. ZINNER. There is nothing in this part of the program that has to do with accepted processes of extraction that are being used on other research programs described under the commodity titles. Basic research related to specific commodities is in its proper place under the commodity program. The same observation holds with the mining methods part of the program.

Possibly I should illustrate what I mean by mining research that relates to a commodity and is included under a commodity title rather than being considered unclassified. A large copper deposit is under development in the State of Michigan at the present time. This is one in which the Government has invested some $50 million or more. The plan of operations there, because of the type of formation, will permit extraction of only about 50 percent of the metal in that deposit. This is necessary because of the character of the deposit itself. If only the lower part of the deposit is extracted you have pretty good mining conditions. If you take all of it, you have poor mining conditions.

We feel that with a certain concerted effort mining methods can be developed that will permit a higher extraction of ore from that deposit. Unless such a method is evolved the Nation stands to lose a substantial amount of copper.

That particular illustration, of course, has to do with a copper mine, but similar problems occur frequently in mining.

On the other hand a classical example of unclassified research could be found in this ultrasonic procedure where use of high-frequency sound waves for the concentration of fine metal particles is contemplated. There is no use of that system at the moment. It has a lot of promise. There is a lot of basic research that has to be done in the field of physics and electronics before you can project it over into any commodity usage.

Mr. FENTON. I wish that you would set those items out in some manner for the benefit of the committee, in a statement.

Mr. ZINNER. The statement which I supplied the committee on "Minerals research unclassified" includes these illustrations in some detail. I think that will give you what you require.

Mr. FENTON. Very well, sir.

As I was saying before we got off on that unclassified minerals, Mr. Director, if you will check into the emergency part of that particular fire that you spoke about, and if there is any danger to life, and property, get us a report on that.

Mr. FORBES. We will do that.

Mr. NORRELL. May I ask you about when you think your investigative work will be done on the No. 2 item here, the Arkansas-White-Red River surveys, when you think you will be able to get through with that, as best you can tell at this time?

Mr. ZINNER. Unless the interdepartmental program is expanded somewhat beyond its present anticipated scope, our part of this work, and I think that of most of the other agencies, will be concluded in fiscal year 1955. That applies to both items 2 and 3.

HEALTH AND SAFETY

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$4,346,000	$5,060,000	$5,000,000
Reimbursements from non-Federal sources	553		
Reimbursements from other accounts	35,072	35,740	33,751
Total available for obligation	4,381,625	5,095,740	5,033,751
Unobligated balance, estimated savings	−76,729		
Obligations incurred	4,304,896	5,095,740	5,033,751

NOTE.—Reimbursements from non-Federal sources above are from the proceeds of sale of personal property (40 U. S. C. 481 (c)).

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
Direct Obligations			
Appropriated funds:			
1. Investigation of accidents and rescue work	$836,590	$850,000	$850,000
2. Mine inspections and investigations	2,931,124	3,700,000	3,645,000
3. Explosives and explosions testing and research	501,557	510,000	505,000
Total obligations from appropriated funds	4,269,271	5,060,000	5,000,000
Reimbursements from non-Federal sources:			
4. Replacement of personal property sold	553		
Total direct obligations	4,269,824	5,060,000	5,000,000
Obligations Payable Out of Reimbursements From Other Accounts			
1. Investigation of accidents and rescue work	2,067	2,620	2,685
2. Mine inspections and investigations	13,800	13,800	12,800
3. Explosives and explosions testing and research	19,205	19,320	18,266
Total obligations payable out of reimbursements from other accounts	35,072	35,740	33,751
Obligations incurred	4,304,896	5,095,740	5,033,751

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Summary of Personal Services			
Total number of permanent positions	770	850	817
Full-time equivalent of all other positions	13	15	14
Average number of all employees	721	837	823
Average salaries and grades:			
General schedule grades:			
Average salary	$4,731	$4,929	$4,958
Average grade	GS-7.0	GS-7.2	GS-7.2
Crafts, protective, and custodial grades:			
Average salary	$3,077	$3,124	$3,151
Average grade	CPC-4.2	CPC-4.2	CPC-4.0
Ungraded positions: Average salary	$3,943	$3,999	$4,079
Personal service obligations:			
Permanent positions	$3,301,061	$3,995,008	$4,023,620
Other positions	51,212	61,800	58,179
Regular pay in excess of 52-week base	13,797	15,621	15,819
Payment above basic rates	43,635	31,449	31,804
Total personal service obligations	3,409,705	4,103,878	4,129,422
Direct Obligations			
Appropriated funds:			
01 Personal services	3,378,606	4,073,308	4,099,835
02 Travel	161,724	198,924	196,388
03 Transportation of things	20,632	20,495	20,358
04 Communication services	20,803	59,405	69,313
05 Rents and utility services	6,627	15,811	12,711
06 Printing and reproduction	76,326	87,088	85,942
07 Other contractual services	85,150	130,271	112,392
08 Supplies and materials	210,511	235,593	223,453
09 Equipment	261,768	179,743	173,660
10 Lands and structures	42,408	53,409	
13 Refunds, awards, and indemnities	141	602	602
15 Taxes and assessments	4,575	5,351	5,346
Total obligations from appropriated funds	4,269,271	5,060,000	5,000,000
Reimbursements from non-Federal sources:			
09 Equipment	553		
Total direct obligations	4,269,824	5,060,000	5,000,000
Obligations Payable Out of Reimbursements From Other Accounts			
01 Personal services	31,099	30,570	29,587
02 Travel	3,973	4,670	4,164
07 Other contractual services		500	
Total obligations payable out of reimbursements from other accounts	35,072	35,740	33,751
Obligations incurred	4,304,896	5,095,740	5,033,751

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year	$410,192	$511,897	$686,897
Obligations incurred during the year	4,304,896	5,095,740	5,033,751
	4,715,088	5,607,637	5,720,648
Deduct:			
Adjustment in obligations of prior years	57,441		
Reimbursements	35,625	35,740	33,751
Obligated balance carried to certified claims account	20		
Unliquidated obligations, end of year	511,897	686,897	708,897
Total expenditures	4,110,105	4,885,000	4,978,000
Expenditures are distributed as follows:			
Out of current authorizations	3,758,345	4,450,000	4,395,000
Out of prior authorizations	351,760	435,000	583,000

STATEMENT OF ACCOMPLISHMENTS

Mr. FENTON. We will insert pages 71 and 72 of the justification into the record at this point.

(The matter referred to follows:)

Statement of accomplishments, fiscal year 1953

Type of program	Number trained in 1953 fiscal year	Cumulative total trained to date	Years of training	Remarks, industries involved
Safety and accident prevention training and instruction:				
1. First-aid instructions	36,179	1,777,989	43	Coal and metal mining, cement, quarrying, metallurgical, petroleum, nonmetallic mining, etc.
2. Mine rescue methods	2,180	102,411	43	
3. Metal mine accident:				
Prevention	501	7,068	12	First offered in 1941.
Partial completion	123	2,187	12	
4. Petroleum, gas accident:				
Prevention	65	2,304	14	
Partial completion	333	3,747	14	

	Attendance in 1953 fiscal year	Cumulative to date	Total number of meetings	Remarks
Exhibits and demonstrations:				
1. "The Magic of Fire"	20,939		171	This lecture and demonstration on the flammability of gasoline vapors shown in 23 States.
2. First-aid and mine-rescue contests	65,705		45	590 teams participated.
3. Safety meetings	97,534		1,126	
4. Sound motion pictures, exhibits, and demonstrations covering various phases of safety and accident prevention	82,262		1,351	

One major mine explosion occurred during fiscal year 1953, resulting in 5 fatalities; 25 minor explosions occurred with 10 fatalities resulting therefrom. These explosions were investigated as were 40 mine fires in which 5 lives were lost.

Laboratory investigations of electricity in mining

Approvals granted for new mining electrical machinery	86
Tests of mine trailing cables for flame resisting qualities	6
Special investigations for Navy Department to reduce fire and explosion hazards from petroleum vapors, continuous	

Health

Mine air samples analyzed	14,000
Airborne dust samples collected and analyzed	1,300
Approval of new respitatory breathing apparatus	4
Extension of approval, respiratory protective devices	52

The objectives for the fiscal year 1955 are to improve the programs of technological research, investigations, and safety education. A program to determine the health hazards of airborne dusts in mines will be undertaken in cooperation with the United States Public Health Service.

COOPERATIVE DUST STUDY WITH PUBLIC HEALTH SERVICE

Mr. FENTON. On page 72, Doctor, you state that a program to determine the health hazards of airborne dust in mines will be undertaken in cooperation with the Public Health Service. Is this new? If so, how much will be spent for the program and what are the qualifications of the people who will participate?

Mr. WESTFIELD. We are not asking for additional funds for this project. We will do it out of our regular appropriation. The first thought was that we would make an overall study, but now it has been decided to make a spot study to see what can be done with the cooperation of the Public Health Service. The work will be done in a few mines in different localities in the East where we can do it at the least expense.

This is something to explore so that we will do it in the most economical manner. It is a very serious problem. In fact, the compensation costs and impairment of the health of the workmen of the United States are causing a lot of loss of time and damage. We do not have the answer at this time.

Mr. FENTON. Does the Public Health Service work with you on that?

Mr. WESTFIELD. Yes; they will do the medical end of it. We, of course, have no facilities for doing that work. We have to correlate the damage that the dust does to the miners, and the only way to find that is by correlating the atmospheric conditions in the mines with the physical condition of the miners in those areas.

Mr. FENTON. Do you know how much money there is for that?

Mr. WESTFIELD. Not exactly. We have a few engineers who are making the special studies at the present time. These men are at Pittsburgh. And instead of only making dust counts, as is done by the companies, in order to determine conditions, we will assign them to work on a special job in order to come up with an answer.

Over the years we have been collecting information. The information we are collecting with our present study substantiates what we found before. Now we figure we can spend that money to better advantage by working on a specific problem. That is why we decided on this one problem.

Mr. FORBES. In other words, Mr. Chairman, there is no new money asked for by this activity. We support it with money appropriated for coal-mine inspections and investigations, by which we have authority under Public Law 552. It is just a matter of assigning personnel that we now have; two or three engineers who will work with the doctors from the Public Health Service.

Mr. FENTON. Does Public Health have a program along that line?

Mr. FORBES. Not specifically for underground work. It is mostly for industrial establishments. They do not, to my knowledge, anyhow.

Mr. FENTON. Does not the United Mine Workers of America have a program?

Mr. FORBES. I think they have been doing cooperative work with the Public Health Service, to some extent.

Mr. BUDGE. Doctor, the mining industry and the unions have been working on silicosis. Is that not what you are trying to get at here?

Mr. FORBES. That is right, and pneumoconiosis.

Mr. WESTFIELD. The work has been mostly in the metal mines. There has been some work in the coal mines, but not to the same extent as in the metal-mining group.

Mr. BUDGE. Is this a new study?

Mr. FENTON. That is what we understand.

Mr. WESTFIELD. It is not actually a new study. We are just taking a different look at the same study we have been doing for years. We are heading in another direction, trying to correlate it with the clinical work of the doctors to come up with a definite answer, rather than substantiating the work we have already done. We know there is a health problem in coal mining. To what extent, we do not know. We do not know the extent of harm that coal dust is doing to our miners. The coal companies, directly or indirectly, are paying compensation costs. A lot of miners are leaving the industry long before they should. It is similar to the situation in the metal mines many years ago. But in the coal-mining industry they are just realizing that program at the present time.

Mr. FENTON. They have a program in the metal mines. Has the Bureau been doing that?

Mr. WESTFIELD. Yes; to a limited extent. The metal mines have taken over the big part of the load themselves, in fact, by doing their own test work in connection with their mineworkers.

Mr. BUDGE. I come from a metal-mining State. Tell me what the Bureau of Mines has done on the silicosis program in that State?

Mr. WESTFIELD. I will not be able to definitely give you dates. Dr. Brown, who formerly was in our Pittsburgh group, made a complete study and helped to set up the dust programs in many of the large mines in the Coeur d'Alene area.

Mr. BUDGE. That was done as the result of legislation enacted by the legislature. I do not recall the Bureau of Mines engaging in it.

Mr. WESTFIELD. The Bureau of Mines played a part, in that they helped to determine the method of counting dust particles and also recommending how to allay the dust at the working places, such as the use of water with their drilling and loading equipment, and the use of water after blasting. The Bureau helped them, as advisers to the companies, as to how to accomplish those ends.

ARKANSAS-WHITE-RED RIVER SURVEY

Mr. BUDGE. Mr. Chairman, this is another one of these studies. I think the Federal Government has studied now just about every subject there can be. I am particularly interested in this Arkansas-White-Red River survey. Each agency in the Department of the Interior that I have seen has an item in here for participation in that survey.

I wonder if it would be in order to ask the Secretary of the Interior, since all of his agencies are involved in this, to give us a statement as to just what has been accomplished when he expects to terminate this program, together with the original estimate that he gave the Congress as to how much it would cost to conduct the survey how much has been expended to date, and what it is anticipated will be spent before the program is completed.

That is getting to be quite a study. I think the committee is entitled to a statement from the Secretary as to just where we are going and how much they told Congress it would cost.

Mr. FENTON. I think you are absolutely right.

Mr. LARSON. That will be done, Mr. Chairman.

(NOTE.—This material appears in the hearings under the Bureau of Reclamation.)

MINE INSPECTIONS AND INVESTIGATIONS

Mr. FENTON. On "Mine inspections and investigations," we will insert tables on pages 74 and 75 in the record at this point.

(The material referred to follows:)

TABLE 1.—*Injuries in coal mines of the United States, 1942–53*

Calendar year	Injuries		Calendar year	Injuries	
	Fatal	Non-fatal		Fatal	Non-fatal
1942	1,471	66,774	1948	999	53,472
1943	1,451	64,594	1949	585	35,405
1944	1,298	63,691	1950	643	37,264
1945	1,068	57,117	1951	785	35,553
1946	968	55,350	1952	548	37,020
1947	1,158	57,660	1953	457	27,000

TABLE 2.—*Comparative number of inspections*

Fiscal year:	*Total number of inspections*
1948	4,661
1949	6,674
1950	8,183
1951	8,971
1952	8,693
1953	7,148

Mr. FENTON. This has to do with injuries in coal mines from 1942 to 1953 and the comparative number of inspections in coal mines from 1948 to 1953, inclusive. You might bring that up to date, Mr. Forbes, to the end of the year.

COAL MINE INSPECTION

Mr. FORBES. Mr. Chairman, may I just make a brief opening statement with respect to the coal-mine inspection work.

I want to say we have closed the calendar year 1953 with 457 deaths as against 548 last year, the year of 1952, which was the best previous fatality record in the history of the coal-mining industry. Even with reduced working time, meaning of course less exposure hours and less production, the record for the calendar year 1953 is better than 1952.

Mr. FENTON. I wish you would insert in the record the usual tables that we put in.

Mr. FORBES. I will be glad to do it. I am inserting table No. 3, which gives the injuries per million man-hours of exposure for the years 1933 to 1953, inclusive, and table No. 4 which gives the number of fatal and nonfatal injuries for the period 1933 to 1953, inclusive.

(The material referred to follows:)

TABLE 3.—*Injuries per million man-hours exposure portal-to-portal*

Year	Fatal			Nonfatal		
	Bituminous	Anthracite	Total	Bituminous	Anthracite	Total
1933	1.31	1.49	1.34	68.87	98.13	74.58
1934	1.41	1.50	1.43	69.39	104.15	76.64
1935	1.46	1.78	1.52	71.47	103.16	77.43
1936	1.43	1.56	1.45	65.62	108.80	72.92
1937	1.54	1.58	1.55	68.05	98.72	72.62
1938	1.52	1.94	1.59	63.47	110.85	71.36
1939	1.36	1.71	1.42	60.53	107.37	68.12
1940	1.68	1.50	1.65	61.28	112.56	68.75
1941	1.35	1.49	1.37	58.93	110.83	66.26
1942	1.41	1.64	1.44	60.21	98.73	65.40
1943	1.39	1.50	1.40	57.79	89.68	62.44
1944	1.23	1.06	1.20	56.02	76.05	59.06
1945	1.13	1.01	1.11	56.52	77.32	59.58
1946	1.09	1.14	1.10	58.81	82.65	62.92
1947	1.23	1.18	1.22	57.32	79.41	60.72
1948	1.15	.91	1.11	56.28	75.69	59.53
1949	.93	.83	.91	51.67	71.88	55.11
1950	.92	.80	.90	47.73	76.14	52.38
1951	1.16	.95	1.13	47.56	69.94	50.99
1952 [1]	.83	.99	.85	57.22	59.82	57.63
1953 [1]	.81	.89	.82	46.15	65.71	48.67

[1] Data for 1952 and 1953 are subject to revision.

TABLE 4.—*Number of fatal and nonfatal injuries*

Year	Fatal			Nonfatal		
	Bituminous	Anthracite	Total	Bituminous	Anthracite	Total
1933	833	231	1,064	43,946	15,183	59,129
1934	958	268	1,226	46,982	18,577	65,559
1935	968	274	1,242	47,529	15,897	63,426
1936	1,098	244	1,342	50,514	17,026	67,540
1937	1,198	215	1,413	52,847	13,412	66,259
1938	880	225	1,105	36,794	12,842	49,636
1939	867	211	1,078	38,544	13,229	51,773
1940	1,204	184	1,388	43,994	13,782	57,776
1941	1,072	194	1,266	46,637	14,420	61,057
1942	1,245	226	1,471	53,193	13,581	66,774
1943	1,225	226	1,451	51,067	13,527	64,594
1944	1,124	174	1,298	51,253	12,438	63,691
1945	925	143	1,068	46,194	10,923	57,117
1946	795	173	968	42,817	12,533	55,350
1947	985	173	1,158	46,025	11,635	57,660
1948	862	137	999	42,078	11,394	53,472
1949	494	91	585	27,548	7,857	35,405
1950	550	93	643	28,390	8,874	37,264
1951	684	101	785	28,081	7,472	35,553
1952 [1]	449	99	548	31,015	6,005	37,020
1953 [1]	393	64	457	22,300	4,700	27,000

[1] Data for 1952 and 1953 are subject to revision.

Mr. FENTON. Will you break that down for anthracite and bituminous?

Mr. FORBES. It is all in here. Anthracite is separate from bituminous.

Mr. FENTON. It is all-inclusive?

Mr. FORBES. Yes.

NUMBER OF INSPECTORS

Mr. FENTON. How many mine inspectors do you have now?

Mr. FORBES. We have 273 that were authorized by the Congress. Ordinarily there are 5 to 10 vacancies in an organization of that size. Is there anything further that you can add, Mr. Westfield, in connection with that?

Mr. WESTFIELD. Just that at present we have a few vacancies, but those are just regular turnover. We keep our force of inspectors as close to 273 as we can.

Mr. FENTON. You do not find many quitting on you?

Mr. WESTFIELD. Not at the present time.

Mr. FORBES. I might say that with respect to the authorization and the money that Congress gave us last year for the 50 additional inspectors, all those inspectors were employed and have been given an indoctrination training. I think virtually all of them are now fully trained inspectors. It takes several months before these men are qualified to inspect mines by themselves. We have a pretty good program here. Everything is going along in pretty good shape.

I am not going to call this a major disaster, but yesterday in testimony before this committee an explosion occurring in a Midwestern mine was referred to. I am not going to recite that because all of that information is in my detailed statement. But I do want to make clear that two men were killed directly as a result of the explosion. Three men went into the mine after the explosion without protective equipment and lost their lives.

A major disaster, of course, is one where five or more have lost their lives. Indirectly, 3 lost their lives as a result of the explosion and 2 directly as a result of the explosion.

Mr. FENTON. Why did those other three men lose their lives?

Mr. FORBES. It is the old story, Mr. Fenton. You know in the early days how it used to be the practice to rush in after an explosion without any protective equipment. That is exactly what happened in the situation here. They were anxious to do something. There was no protective equipment available at the mine.

Mr. Westfield just called my attention to the fact that these 3 men lost their lives after the bodies of the 2 men that were killed directly as the result of the explosion had been removed from the mine. They went in after the bodies had been recovered, and lost their lives. It was an unfortunate situation.

Outside of that, in 1953 we had a good record with respect to explosions.

RESULT OF MINE SAFETY LAW

Mr. FENTON. You think that title II of the mine-inspection law has helped decrease the number of fatal accidents?

Mr. FORBES. There is not any question at all in my mind, Dr. Fenton, that it has been very helpful.

Mr. FENTON. How about the nonfatal accidents? Have they decreased?

Mr. FORBES. They have decreased, as I recall. There were approximately 37,000 nonfatals in 1952; and 27,000 is the estimate for 1953. Reducing nonfatal accidents is one of our big problems.

Of course, the principal job is to prevent widespread explosions such as will kill large numbers of men. Another thing, of course, is to concentrate on our educational work, which we are doing. We are training thousands of miners each year in accident prevention, and first aid to the injured and in mine-rescue methods and procedures, and also officials in accident-prevention activities.

Another thing that you and this committee have always been interested in, is the question of death from falls of roof. I think we are making some progress. We have now in both coal and metal mines—our roof-control work has extended to metal mines—800 mines that are now fully roof-bolted. Two-thirds of those are in coal mines and about a third in metal mines.

Another point I would like to make for the benefit of the committee is that we have been investigating all fatalities that occurred in the coal-mining industry for the last few years. We are now able to tell definitely where most deaths occur from falls of roof. It is in the first 25 feet back from the working face. Seventy percent of all the deaths that occur from the falls of roof of coal occur in that area.

But the most critical zone, Dr. Fenton, and I know you will be interested in this, is in the first 12 feet back from the face. What we are doing right now is putting a couple of engineers on a concentrated study to see what can be done to protect the miner in that 12-foot zone.

The original idea came from the work that is being done up at our Schuylkill Haven station. If you will look on page 24 of our justification book, figure 8, you will see a proposed telescopic shield. This is just in the drawing stage. I do not know what we are going to bring out of this but we shall concentrate on that study to see if we can help to reduce the 70 percent of the total fatalities that result from the falls of roof in coal mines.

The same thing applies, Mr. Budge, in metal mines. We are going to concentrate in this thing because that is where the bulk of injuries are occurring, close to the face. If we develop a shield of some kind—I do not know if it will be a shield—or some kind of forepoling, I think we will come up with a real answer to reduce these deaths and injuries from falls of roof.

COOPERATION OF MINING COMPANIES AND MINERS' ORGANIZATIONS IN MINE SAFETY

I am very happy to tell you that the program is going along splendidly. We are getting the very finest of cooperation from mining companies and the miners' organizations. You will be interested to know that right here in Washington the United Mine Workers have established a safety department with a safety director, that the Bituminous Coal Operators' Association—you know Mr. Harry Moses, the president—have appointed a safety director. That organization represents an annual production of something like 200 million tons of bituminous coal. Just recently the Southern Coal Producers' Association employed a safety director. The National Coal Association also has appointed a safety director.

With all these forces working together with the Bureau and the State departments we ought to go places the next couple of years with

respect to bringing down this toll of death and injury in the coal industry.

Mr. JENSEN. Mr. Chairman, I would be interested to know what the record of accidents was last year as compared to former years.

Mr. FORBES. I can tell you right off the bat: 457 in 1953; 548 in 1952.

Mr. JENSEN. How about deaths?

Mr. FORBES. Those are the deaths. 1952 was the best previous record in the history of the industry.

Mr. JENSEN. It is still terrible.

Mr. FORBES. In my book much too many. But we are making real progress. When I think back to when I first came into the Bureau of Mines in 1915—2,269 were killed in the coal mines that year—and compare that with what it is today, I think there has been a real job done. I am not saying that the improvement is due entirely to the Bureau of Mines but the Bureau has provided leadership to a large extent. The mining companies, State mining departments, and the mineworkers' organizations all worked together. They are working together better now than ever before.

Mr. JENSEN. I hope you can keep on reducing it until we have absolutely cut it down to zero. Maybe that is too much to expect.

Mr. FORBES. That is my objective and what I have devoted my energies to during most of my service in the Bureau of Mines.

NUMBER OF MINE INSPECTIONS

Mr. FENTON. What was the average number of inspections per mine in each mine category for 1952, 1953, and estimated for 1954 and 1955?

Mr. WESTFIELD. The number of mines inspected during the fiscal year 1953, title I underground mines—a title I underground mine is one that employs less than 15 men underground—3,705 inspections were made of such mines.

As to strip mines, 390 inspections were made.

Title II mines, mines employing more than 15 men underground, 3,053 inspections were made.

A grand total of 7,148 inspections was made in fiscal year 1953.

Furthermore, where violations were found in title II mines, 3,281 special inspections were made to check back to see if the violations were corrected.

There was an average of about 1.1 special inspections for each regular inspection.

In these figures that I have presented you will observe there is a drop in the number of inspections from the previous year. This was brought on primarily because of our added responsibility under title II of Public Law 552. The 50 new inspectors that we had in training during the spring and summer of 1953 were not making independent inspections of mines. In the last 2 or 3 months these men have become qualified to make inspections independently, which will be reflected in the number of inspections.

STATE COOPERATION IN MINE SAFETY ENFORCEMENT

Mr. FENTON. How many States have taken steps to assume more responsibility for safety enforcement as provided in the new law?

Mr. WESTFIELD. There is a total of six that have entered into a cooperative State plan. They are the States of Wyoming, Washington, Oklahoma, North Dakota, New Mexico, and the Territory of Alaska.

Mr. FENTON. That is the same group we had before.

Mr. WESTFIELD. That is the same group as was given to the committee last year.

Mr. FENTON. The States are cooperating?

Mr. FORBES. They are cooperating but there is a hesitancy on the part of some of them, Dr. Fenton, to enter into a State plan. I am hopeful that as time goes on more will do it. Since this law went into effect the 16th of July 1952, there has been a certain amount of resistance to break down, as you know.

Mr. FENTON. Can you briefly state your State plan?

Mr. WESTFIELD. In the State plan no inspection can be made of a title II mine unless it is made jointly by a State and Federal inspector. Then in the case they find a disaster hazard the mine cannot be closed unless both are in agreement. If there is a disagreement, then a third party is appointed, as set up by the law. The third party must be a mining engineer, chosen by the Federal District Court covering that State, to determine which is correct, whether the State inspector is correct in his contention or whether the Federal inspector is correct.

Outside of that there is very little difference. They are governed primarily by the provisions of Public Law 552.

It does not hamper the State from enforcing its State law. The State inspector is free to carry out the laws of his State. It does give the State inspector the right to utilize, in conjunction with the Federal inspector, the law as set up under Public Law 552.

Mr. FORBES. I might add, Dr. Fenton, we have had no disagreements between the States and the Bureau on these joint inspections.

Mr. FENTON. Some of them have assumed more responsibility. Is there any necessity for the full amount of money you have asked for in this inspection work?

Mr. FORBES. Yes. We shall need the money that we have asked for. There is a decrease, as you notice, of $55,000 for the coal mine inspection work. They have taken their proportionate cut. In addition to that, there are some other things coming up that we will have to absorb, such as postage, and I don't know just what that will be, but it will be a considerable sum.

SAFETY EDUCATION WORK

Mr. FENTON. What percentage of the total man-hours of professional services available to the Bureau for inspection work is used for accident prevention educational work?

Mr. WESTFIELD. We have the average number of men on roof control work, 5 inspectors and 3 engineers. The average number of men on coal mining accident prevention training for miners is 14 inspectors and 3 engineers. The average number of men on coal mining accident prevention for supervisors is 5 inspectors and 2 engineers.

There is a total of 24 inspectors and 8 engineers on such work.

Mr. FENTON. That is for prevention educational work?

Mr. FORBES. That is correct.

Mr. FENTON. What was the amount to be spent for this work in 1954 and 1955?

Mr. WESTFIELD. We did not have those figures with us. We can supply those for you.

Mr. FENTON. Will you do that?

(The material referred to is as follows:)

Amount of money spent and the total number of persons on accident prevention educational work in the Coal Mine Inspection Branch during the fiscal year 1954

At the present time (January 1954) 24 inspectors and engineers of the Coal Mine Inspection Branch are engaged full time in teaching the coal mine accident prevention courses for (1) miners and (2) supervisors, and 1 other inspector is engaged full time in promoting the establishment and operation of Holmes Safety Association councils and chapters.

Coal mine inspectors also teach the short (2 hours) coal mine roof control course to miners and supervisors and the short (2 hours) coal mine haulage safety course to transportation and other employers and supervisors during or immediately following regular inspections of mines where conditions indicate that such training may help to improve conditions and practices that contribute to roof-fall or haulage accidents.

It is estimated that $200,000 will be spent during the fiscal year 1954.

Anticipated expenditure for accident prevention educational work in the Coal Mine Inspection Branch and the number of persons engaged in that activity anticipated during the fiscal year 1955

The anticipated expenditure for accident prevention educational work in the Coal Mine Inspection Branch for the fiscal year 1955 is $200,000. The anticipated number of persons that will be engaged full time in this activity is 25 inspectors and engineers.

Mr. JENSEN. Off the record.

(There was discussion off the record.)

REGIONAL OFFICES

Mr. JENSEN. I am just looking at the map here of your regional setup. I note that region 2 comprises Washington, Oregon, Idaho, and Montana; is that right?

Mr. FORBES. That is right.

Mr. JENSEN. I also note that you have your regional office in Albany; is that right?

Mr. FORBES. That is right.

Mr. JENSEN. Isn't it a fact that most of your mining in region 2 is in Idaho and Montana? Isn't it a fact that on the other hand you have very little mining in Oregon?

Mr. ZINNER. We have a considerable amount of activity.

Mr. JENSEN. I am talking about mining. I don't care about activity.

Mr. ZINNER. As far as the current mining districts are concerned, that is correct.

Mr. JENSEN. Can you give any good reason for putting that regional office way over against the Pacific Ocean in Oregon, instead of having it in the area where most of your mining takes place?

Mr. ZINNER. There is one overriding reason at the moment that I think governs this to a great extent. At Albany the Bureau has rather large facilities and would pay rent elsewhere.

Mr. JENSEN. What kind of facilities—housing facilities?

Mr. ZINNER. Buildings and research facilities, office facilities.

Mr. JENSEN. What is the research?

Mr. ZINNER. Albany is one of our major research establishments. Work is done there on zirconium, electrosmelting research, and so on.

Mr. JENSEN. So you have to transport all of that stuff over there from your mining area in region 2?

Mr. ZINNER. This research work is on a relatively small scale. The amount of materials are rather insignificant.

Mr. JENSEN. I notice also you have your regional office in region 3 between San Francisco and Berkeley, right on the Pacific Ocean.

Mr. ZINNER. It is at San Francisco.

Mr. JENSEN. Most of your mining is done in Colorado.

Mr. ZINNER. Region 3 constitutes only the States of California and Nevada.

Mr. JENSEN. I always thought you should have your business office close to your business. I used to run a lumber yard, and I always had my office right in the lumber yard. I did not have it 10 or 15 miles away.

You generally build a barn on your farm. You don't build it on somebody else's farm.

Mr. ZINNER. In the case of region 3, San Francisco is a center for the mining industry, and their representatives, with whom we are in contact to a considerable extent.

Mr. JENSEN. Why do you have to concentrate everything in big towns? There is no particular advantage in having it concentrated in a big city; in fact, it would seem to me it is a distinct disadvantage, except that some people like to work in a big town. I see no reason why that should be. Of course, now you have your office setup there and you have your facilities there.

Mr. ZINNER. If the regional office of region 2 was moved from Albany to, say, Spokane, which would be admittedly closer to present mining centers——

Mr. JENSEN. Why move it to Spokane?

Mr. ZINNER. Or Boise, or Missoula, where it would be more centrally located, you have the problem of having to pay rent for facilities. While that might not appear to be a major item, it would have to come from some source.

Mr. BUDGE. How did it get to Albany in the first place? There is not a producing mine anywhere near there.

Mr. ZINNER. I do not know the history of the establishment of Albany. But the fact is that we now have large facilities there. As I understand it, it was originally a college and was donated to the Bureau.

Mr. JENSEN. Let me go just a little further. It is very natural that the people of Idaho and Montana in region 2, and the people of Colorado in region 4 would be interested and cooperative with the Bureau of Mines if you had your office in a town and in an area close to the center of the region rather than having it at a place where they would have no direct interest in it. It would appear to me that the State of Idaho or the State of Montana, if you had your regional office over there, would bring it close to the people who are directly interested in mining. The people make State governments, and your State governments would without a doubt be more cooperative in the States of Idaho, Montana and Colorado than would the government and people of the States that have no particular interest in the mining industry.

Why those offices were put over there away from the center of interest in the first place is beyond me. I realize now you have the facilities there, but I still think even at this late date you would be perfectly justified in moving those regional offices into the area that is directly interested and, in fact, to a great degree are dependent on the mining industry.

Mr. MILLER. Could I discuss that off the record for just a moment?

(There was discussion off the record.)

MINE SAFETY PERSONNEL

Mr. BUDGE. Mr. Forbes, as I understood you a few minutes ago, you said in this budget you would probably have to get rid of some inspectors; is that right?

Mr. FORBES. I think it was asked by the Chairman or Mr. Jensen, that we would——

Mr. BUDGE. Let us take a look. Under this item on personal services you have some $26,500 more in your 1955 estimate than you had in 1954. Why do you have to fire inspectors if you have more money for next year than you have this year for personal services?

Mr. FORBES. What page is that?

Mr. BAILEY. That is page 80.

Mr. FORBES. Can you answer that, Mr. Bailey?

Mr. BAILEY. It is made up mostly with in-grade promotions. On the average of every 18 months the people over grade 10 get $200 and people below that grade get an in-grade promotion of $100 every 12 months.

Mr. BUDGE. That comes from the $26,500?

Mr. BAILEY. That is right.

Mr. BUDGE. You would not have to fire anybody, then?

Mr. BAILEY. I do not know how much it amounts to as far as the increases are concerned, but the $26,500 represents at least a portion of that amount.

Mr. BUDGE. Do you plan to fire any inspectors under this budget?

Mr. WESTFIELD. No.

Mr. FORBES. It is not our plan.

Mr. BUDGE. I have gone down through your obligations here by objects. You have reduced everything except personal services and that is increased. Yet you were saying a minute ago that you had to fire some people.

Mr. WESTFIELD. We did not say that we were going to fire anybody, that we had some vacancies and possibly we will not have enough money to fill all of those vacancies.

Mr. BUDGE. How many supporting personnel do you have for these inspectors now?

Mr. WESTFIELD. There are 89 clerks, those people who write up the coal mine inspection reports for publication and distribution to the interested persons.

Mr. BUDGE. That is more than one per inspector.

Mr. WESTFIELD. No, there are 3.4 inspectors per clerk.

Mr. BUDGE. I was thinking of the additional inspectors that you put on.

Mr. JENSEN. How many inspectors do you have now?

Mr. WESTFIELD. 273, but that includes 11 vacancies.

Mr. JENSEN. Won't this request permit you to keep all of those inspectors?

Mr. WESTFIELD. We are hoping so; yes.

Mr. JENSEN. You are hoping so. What we want to know is, will it?

Mr. WESTFIELD. To date, yes, we have been able to take care of it. But at the present time we have 11 vacancies and we are attempting to fill some of those.

Mr. JENSEN. You have sufficient money to do that, to fill some of them? You have sufficient money to fill all of them?

Mr. WESTFIELD. At the present time.

Mr. JENSEN. And if we give you the same amount of money for personal services next year, 1955, you can fill all of them?

Mr. WESTFIELD. Yes, sir.

Mr. BUDGE. You have 89 clerks?

Mr. WESTFIELD. Yes.

Mr. BUDGE. How many other supporting personnel do you have for this?

Mr. WESTFIELD. Will you please repeat that question?

Mr. BUDGE. In the hearings last year, both in the regular appropriation and in the supplemental, you placed in the record a tabulation of the supporting personnel for this program. That is the figure I want now.

Mr. WESTFIELD. I do not have those with me, but we can furnish those for the record for you.

Mr. BUDGE. How many lawyers do you have?

Mr. WESTFIELD. We have one attorney.

Mr. BUDGE. You set out three in the hearings before.

Mr. WESTFIELD. Yes, that was in there, but we only have one at the present time.

Mr. BUDGE. Did you hire those glassblowers?

Mr. WESTFIELD. Yes, we did.

Mr. BUDGE. That was because private industry could not get all the air out of the bottles. I remember that discussion last year, when it was testified that private industry could not take the air out of the bottles; that that had to be done by the Government.

Mr. JENSEN. In order to make all the bottles standard; was it not? There must be some reason for that.

Mr. BUDGE. It turned out there was a better reason than was originally given.

Mr. FORBES. Didn't we furnish something there for the record on that?

Mr. BUDGE. We went into that last year. I would like a complete list of all the supporting personnel for this program.

Mr. WESTFIELD. We will furnish that.

(The matter referred to follows:)

Personnel, Coal Mine Inspection Branch

INSPECTORS AND ENGINEERS

	Employed	Vacancies
Coal mine inspectors	262	11
Engineers	41	4
Electrical inspectors	7	3
Total	310	18

SUPPORTING PERSONNEL

Attorney	1
Chemists	5
Laboratory helper	1
Motion-picture specialist	1
Instrument maker	3
Physical science aid	16
Glassblower	3
Clerks	95
Total	125

Mr. BUDGE. I did want it clear that the "Personal services" item in this activity has been increased, whereas practically everything else has been decreased, with the exception of "Communications." That has gone up $10,000 in this budget, but the "Personal services" item is above what it was previously.

Mr. BAILEY. That increase of $10,000 for communications services was necessary because we have to pay our own postage now.

Mr. BUDGE. I am for that, too. I would rather appropriate for it so we will know what it amounts to.

Mr. FORBES. We are hopeful that will take care of it.

Mr. FENTON. I think the record is clear now that there is no attempt to decrease the number of inspectors or the money they have.

Mr. JENSEN. That is what I wanted the record to show. Certainly this committee has leaned over backward and the Congress has leaned over backward to supply sufficient funds to put on inspectors in a matter which deals with the lives of men. We do not want blood on our hands for a few dollars

Mr. FORBES. We are 100 percent in agreement with you.

PAYMENT BY INDUSTRY OF MINE INSPECTION COSTS

Mr. BUDGE. Mr. Chairman, could I ask one more question? Doctor, last year you and I had a discussion wherein I inquired whether it was possible or had ever been considered that the industry pay the cost of these inspections as industry does in some other Government inspections.

You told me, as I recall, that that had never been considered in the Bureau of Mines, but that you would explore it and write the committee a letter. Did we ever explore it or write the letter?

Mr. FORBES. Yes, sir. We wrote a letter about it and I have a copy of the letter here, Mr. Budge. It was addressed to the Honorable Ben F. Jensen, chairman of the Subcommittee on Interior Appropriations, dated February 5, 1953.

Mr. BUDGE. What was the conclusion?

Mr. FORBES. Would you mind if I read portions of this letter to you?

Mr. BUDGE. No; I will not take the time of the committee.

Mr. FORBES. We feel that mine inspection work is a public service.

Mr. BUDGE. If we may, Mr. Chairman, just put the letter in the record. Then I can read it later on.

Mr. FORBES. I will be happy to do that.

(The letter referred to is as follows:)

FEBRUARY 5, 1953.

Hon. BEN F. JENSEN,
Chairman Subcommittee on Interior Appropriations,
House of Representatives, Washington, D. C.

MY DEAR MR. JENSEN: During the hearing before the House Subcommittee on Interior Appropriations, held on February 3, 1953, Congressman Budge of Idaho raised the following questions:

"There are a great many activities where the Federal Government is called upon to conduct inspection where industry pays the cost. Why doesn't the (coal-mining) industry bear the cost in this instance? * * * Do you know of any basic reason why the industry should not bear this cost rather than the Federal Government?"

Congressman Budge then suggested that we contact members of the coal-mining industry with respect to their attitude on having an excise tax levied on its products to pay for Federal coal-mine inspection. It is pertinent to mention the general attitude of the coal-mining industry with respect to all Federal mine-inspection legislation. Since the first Federal coal-mine inspection bill was introduced in the 77th Congress and all proposed modifications thereof in subsequent Congresses, the coal-mining industry has been solidly against such legislation. After the Orient No. 2 disaster in December 1951, some kind of coal-mine inspection legislation with "teeth" appeared to be inevitable. Bills, such as those introduced by Senator Neely of West Virginia and Congressman Price of Illinois, exemplify legislation that the entire coal-mining industry considered untenable. A group of northern operators, representing a production of approximately 200 to 250 million tons annually, supported the legislation that eventually emerged as the Federal Coal Mine Safety Act because it was more "palatable" to them than any other coal-mine inspection legislation which had been introduced previously. Two men prominently identified with this segment of the coal-mining industry have been contacted, and one of them expressed what might be considered the consensus of that group; namely, "this legisation was regulation that the coal-mining industry did not seek and, obviously, the industry would not be willing to pay for an inspection service that it did not ask for or want. This segment of the coal-mining industry accepted the present Federal Coal Mine Safety Act as the least offensive of any legislation introduced in Congress. It is, therefore, my opinion that the industry would be solidly against any excise tax levied on its production."

It appeared useless to contact the segment of the coal-mining industry which had expressed violent objection to any kind of Federal coal-mine inspection legislation. This group had opposed the passage of the present Federal Coal Mine Safety Act as vigorously as any other proposed legislation which preceded it.

We are fully cognizant that the problem as to how funds should be raised to carry on Federal coal-mine inspection activities is entirely one which Congress, itself, must decide. We believe, however, that certain factors should be considered as to whether an excise tax on a per-ton-of-production basis should be levied on the industry for supporting such activities in accordance with the following:

1. *Economic aspects.*—During the hearing Congressman Budge mentioned that when he requested a Federal inspector of the Department of Agriculture to examine his potato crop in Idaho, he had to pay for such inspection service. The Congressman also mentioned that the meat-packing industry pays for the inspection furnished by the Department of Agriculture. The levying of a direct tax on agricultural and food products, cited in the foregoing examples, should be considered as a tax directly concerned with the sale of a product and is more or less a benefit to the seller because such inspection establishes various grades useful in marketing the product in addition to protecting the health of the consuming public. In contrast with the foregoing, Federal coal-mine inspection is primarily for the protection of workers in the industry; the benefits to the industry are secondary.

The levying of an excise tax (on a tonnage basis) would impose another item, adding to the cost of production. Recent increases in the cost of production

have forced the closing of some marginal coal mines due to the keen competition within the industry itself, and also the competition of coal with other fuels such as petroleum and natural gas. Imposing such a levy would be adding "one more straw to the camel's back." Ultimately any such levy would be passed on to the consumers, which includes industries such as public utilities, railroads, and steel plants.

In levying a per ton excise tax it would be necessary to collect the same amount in a year of poor coal business as in a year of good business. Inspections of coal mines would be made irrespective of the number of days that the mines operated during a given year. During a year of poor business, the coal-mining industry would be required to pay more per ton for the inspection service than in a good year, and in a poor year it would be less able to pay. It would not be practicable to vary the number of inspectors on the staff from year to year in accordance with coal production; therefore, to maintain a constant staff, requiring a more or less fixed sum of money to operate, the levy per ton would of necessity have to fluctuate with production.

2. *Public interest.*—In enacting the Federal Coal Mine Safety Act, the 82d Congress determined that the workers who produced this vital commodity—coal—should be protected against disaster hazards. It should be noted that the present law is not an all-inclusive safety measure. It was considered in the public interest that the Federal Government should do something to prevent the terrible disasters that have occurred periodically in the coal-mining industry, just as it is in the public interest for the Federal Government to engage in flood-prevention activities, for which every American taxpayer contributes. Inasmuch as coal-mine inspection is a safety activity which affects the public welfare, if the recipients of the service would be expected to pay for it, this may be considered analogous to charging the cost of maintaining fire departments to the people who have fires.

3. *Administration.*—Levying a per ton excise tax on the coal-mining industry would incur some difficult administrative features. Under 1 above, it is mentioned that to support a fixed staff, the unit of taxation would fluctuate with production. It would not be difficult to collect the tax from the larger and better established coal companies; it would, however, be quite difficult to collect the tax from the smaller and often seasonal operators. In many instances the smaller mine operators are in greater need of Federal inspection than the larger ones. It is not unusual that such small mines require proportionately greater time to inspect than the larger mines. Moreover, some of the larger companies employ their own safety engineers and are better equipped to carry out the safety recommendations of the Federal inspectors. On the other hand, smaller operators ordinarily are unable to employ their own safety engineers. It follows, therefore, that because the small operations frequently require proportionately greater attention than the larger ones, the operators of the larger mines would, in reality, be subsidizing the cost of inspection of the smaller ones. Thus, such an excise tax would tend to penalize the larger operator. It would cost considerable to administer the collection of such excise taxes, and it has been said by tax experts that the levying of an additional tax has certain impact on the collection of existing taxes. We are, however, in no position to debate this point.

Attached are four carbon copies of this letter for the convenience of your committee.

Sincerely yours,

JOHN J. FORBES, *Director.*

EXPLOSIVES AND EXPLOSIONS TESTING AND RESEARCH

Mr. FENTON. "Explosives and explosions testing and research," you are asking for $505,000, a decrease of $5,000 under last year's appropriations. That is a continuing program, Dr. Forbes, is it not?

Mr. FORBES. Yes.

Construction

Mr. Fenton. As to construction, you are not asking for a thing for construction this year?

Mr. Forbes. Not a red cent.

Mr. Fenton. Yet while no funds are requested for construction there is a carryover of $94,558 available for 1955. In brief, what is this necessary for?

Mr. Bailey. The item is a carryover from previous appropriations and comprises $75,000 for synthetic fuels work and about $19,000 for maintenance work on the drainage tunnel at Leadville, Colo.

Mr. Fenton. That is what is left over, approximately, from the synthetic fuels and the Leadville tunnel?

Mr. Bailey. That is right. We have returned $1 million of the carryover to surplus. We returned that to the Treasury just about a month ago.

General Administrative Expenses

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$1,278,000	$1,300,000	$1,250,000
Reimbursements from other accounts	503		
Total available for obligation	1,278,503	1,300,000	1,250,000
Unobligated balance, estimated savings	−18,361		
Obligations incurred	1,260,142	1,300,000	1,250,000

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
Direct Obligations			
General administrative expenses	$1,259,639	$1,300,000	$1,250,000
Obligations Payable Out of Reimbursements From Other Accounts			
General administrative expenses	503		
Obligations incurred	1,260,142	1,300,000	1,250,000

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Summary of Personal Services			
Total number of permanent positions	262	252	244
Full-time equivalent of all other positions	6	8	4
Average number of all employees	244	248	237
Average salaries and grades:			
General schedule grades:			
Average salary	$4,731	$4,929	$4,958
Average grade	GS–7.0	GS–7.2	GS–7.2
Crafts, protective, and custodial grades:			
Average salary	$3,077	$3,124	$3,151
Average grade	CPC–4.2	CPC–4.2	CPC–4.0
Ungraded positions: Average salary	$3,943	$3,999	$4,079
Personal service obligations:			
Permanent positions	$1,063,086	$1,092,941	$1,075,679
Other positions	25,524	26,568	13,831
Regular pay in excess of 52-week base	4,477	4,327	4,292
Payment above basic rates	14,501	14,498	14,478
Total personal service obligations	1,107,588	1,138,334	1,108,280
Direct Obligations			
01 Personal services	1,107,238	1,138,334	1,108,280
02 Travel	41,853	46,237	40,440
03 Transportation of things	2,372	2,247	2,250
04 Communication services	12,024	21,172	22,500
05 Rents and utility services	1,856	7,351	5,400
06 Printing and reproduction	17,490	18,380	17,250
07 Other contractual services	18,307	17,262	15,000
08 Supplies and materials	22,827	20,519	17,205
09 Equipment	32,466	25,133	18,555
10 Lands and structures	1,474	1,499	1,400
13 Refunds, awards, and indemnities	25	30	20
15 Taxes and assessments	1,707	1,836	1,700
Total direct obligations	1,259,639	1,300,000	1,250,000
Obligations Payable Out of Reimbursements From Other Accounts			
01 Personal services	350	----------	----------
02 Travel	153	----------	----------
Total obligations payable out of reimbursements from other accounts	503	----------	----------
Obligations incurred	1,260,142	1,300,000	1,250,000

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year	$145,042	$127,784	$171,334
Obligations incurred during the year	1,260,142	1,300,000	1,250,000
	1,405,184	1,427,784	1,421,334
Deduct:			
Adjustment in obligations of prior years	17,483	----------	----------
Reimbursements	503	----------	----------
Unliquidated obligations, end of year	127,784	171,334	176,561
Total expenditures	1,259,414	1,256,450	1,244,773
Expenditures are distributed as folows:			
Out of current authorizations	1,131,954	1,144,000	1,094,000
Out of prior authorizations	127,460	112,450	150,773

Mr. FENTON. We will go to general administrative expenses. You are asking for $1,252,000, which is $50,000 less than the current fiscal year?

Mr. FORBES. Yes.

Mr. FENTON. Of that $1,250,000 we note that departmental expenses here in Washington are $528,330, as against $721,670 for the

regional offices. We also note that there is a decrease in each of the various departmental expenses and the regional office expenses. We will await your report of the reorganization. We hope it is forthcoming very soon.

The chairman suggested that we might get a preliminary report so that we will be able to act accordingly when we mark up the bill, if the full report is not forthcoming by that time.

Mr. BUDGE. I would like to ask that the director furnish the committee with a statement in answer to this question: The general administrative expenses are practically the same for fiscal 1955 as they are for fiscal 1954. There have been reductions and abandonments of several programs, including the construction program, yet administrative expense stays right up at the same level. There is no justification in the justification book for the general administrative expenses.

I think that the Director could advise the committee as to why the administrative expenses have to stay up when a number of programs have been abandoned, others have been reduced, why do we need to spend so much for general administrative expenses?

Mr. FORBES. Do you want me to make a statement for the record, compile the information and embody it in these proceedings?

Mr. BUDGE. Yes.

Mr. FORBES. Mr. Bailey, can you answer that offhand?

Mr. BAILEY. I would like to take a little time to formulate a few ideas, when I could do it more easily than I can right now. We did take a reduction here of $50,000, which is in line with the general reduction that was made for the Bureau as a whole.

Mr. BUDGE. $50,000 is not a very substantial reduction when you are talking about $1,250,000.

Mr. BAILEY. It is about the same ratio, I think, you will find in the other appropriations.

Mr. BUDGE. I would appreciate the statement. It seems to me the general administrative expenses should go down when the activities in which you are engaged do go down.

Mr. BAILEY. I can tell you this one thing. There is a great deal of increased work as far as the general administrative activities are concerned in preparing various reports and statements, and so forth, to different agencies of the Government.

(The statement referred to follows:)

STATEMENT OF NEED FOR CURRENT LEVEL GENERAL ADMINISTRATIVE EXPENSE APPROPRIATION

This appropriation was established at the time appropriations of the Bureau were consolidated for fiscal year 1952. The activities of the Bureau were decentralized to regional offices at about the same time. The funds requested for expenses of the executive and administrative staffs of the Washington and regional offices were based on estimates of staff requirements before regional offices were fully activated. Administrative personnel to operate regional offices effectively were in most instances in excess of these first estimates, and the appropriation has been low to meet all requirements.

It should be understood also that this fund is not used to finance activities of field stations other than regional office headquarters.

During the past 2 or 3 years regulations of other agencies have made it necessary for the Bureau to increase its administrative staff in order to comply with such regulations. An example is the requirements of the General Services Administration to increase the degree of control over equipment and expendable inven-

tories. For the Bureau to adhere to the standards established by General Services Administration, personnel working on property records will have to be increased.

Another example is a criticism offered by the Audit Division of the General Accounting Office that the Bureau's staff of field auditors is inadequate to meet the standards that that agency feels we should attain. This will mean an increase in staff.

Despite a decrease in overall activities of the Bureau owing to decreased appropriations, the administrative functions of the Bureau have materially increased and the funds recommended for general administrative expenses are still too low to meet the requirements imposed upon the Bureau by other agencies of the Government.

Mr. BAILEY. Our problems have multiplied to a great extent compared to what they were 5 years ago. I would venture to say we are spending 100 percent more time just on evolving our budgetary data now than we did several years ago. With the statements that the other agencies want, such as the Treasury Department, General Services Administration, and General Accounting office, we are report crazy.

Mr. BUDGE. If we could cut down the general administrative expense of all the agencies maybe you would not be so report crazy.

Mr. BAILEY. We would appreciate that. But as it is now we do not have too much control over that.

Mr. BUDGE. But Congress has, and should do it. Off the record.

(There was discussion off the record.)

Mr. FENTON. Will you supply for the committee the personnel in the Bureau for fiscal 1953, 1954, and 1955?

Mr. FORBES. I will do that.

Bureau of Mines—Statement showing by appropriation and activity thereunder the number of employees as of Dec. 31, 1952, 1953, and 1954

	Dec. 31, 1952	Dec. 31, 1953	Dec. 31, 1954[1]
Conservation and development of mineral resources:			
1. Fuels:			
(a) Coal	324	289	284
(b) Petroleum and natural gas	192	209	203
(c) Synthetic liquid fuels	1,247	649	649
(d) Helium	19	19	19
2. Minerals and metals:			
(a) Ferrous metals and alloys	318	405	391
(b) Nonferrous metals	615	584	453
(c) Nonmetallic minerals	136	130	128
(d) Mineral research, unclassified	151	113	112
3. Control of fires in inactive coal deposits	12	13	10
Subtotal	3,014	2,411	2,249
Health and safety:			
1. Investigation of accidents and rescue work	124	120	120
2. Coal-mine inspections and investigations	471	605	601
3. Explosives and explosions testing and research	93	97	93
Subtotal	688	822	814
Construction:			
1. New laboratory facilities	1	2	
2. Drainage tunnel, Leadville, Colo	2	2	
Subtotal	3	4	
General administrative expenses	237	238	235
Transferred funds	893	974	746
Contributed funds	28	65	67
Revolving fund, helium, production	316	355	386
Total	5,179	4,869	4,497

Mr. FENTON. Gentlemen, we are very happy to have had you with us. This will conclude the hearing for the Bureau of Mines.

Mr. FORBES. We appreciate the treatment that we have had by the committee. We hope that if there are any further questions you will call on us. We will try to answer them for you.

THURSDAY, JANUARY 28, 1954.

NATIONAL PARK SERVICE

WITNESSES

ORME LEWIS, ASSISTANT SECRETARY FOR PUBLIC LAND MANAGEMENT
CONRAD L. WIRTH, DIRECTOR
HILLORY A. TOLSON, ASSISTANT DIRECTOR
RONALD F. LEE, ASSISTANT DIRECTOR
THOMAS J. ALLEN, ASSISTANT DIRECTOR
KEITH P. NEILSON, FINANCE OFFICER
FRANK T. GARTSIDE, ASSISTANT SUPERINTENDENT, NATIONAL CAPITAL PARKS

Mr. JENSEN. The subcommittee will come to order.

GENERAL STATEMENT

We are pleased to have before the committee this morning the Director of the National Park Service, Mr. Conrad L. Wirth, and his staff.

Mr. Wirth, do you have an oral statement or prepared statement that you would like to make, or should we go right into the justifications?

NATIONAL PARK TRUST FUND

Mr. WIRTH. I would like to put into the record a statement on our Fifth Essence, and the reasons why it has been published. It illustrates that we are doing our best to build up the national park trust fund to assist in meeting certain expenditures in connection with national park activities. It deals mostly with those things having to do with museums and things of that sort where we can get people interested in that work to donate funds to our cause. We have had a very fine response, or the beginning, we hope, of a fine response.

Mr. JENSEN. What part of that publication do you wish to be included in the record, Mr. Wirth?

Mr. WIRTH. Just a statement. Each member has a copy of the book.

Mr. Chairman, the National Park Service, through the contribution of funds from an outside source, has had prepared and printed a book called the Fifth Essence, which is a direct appeal to people with means, individuals, foundations, and corporations, to donate funds to the national park trust fund, which is a trust fund authorized in 1936 by an act of Congress. The Secretary of the Treasury, Secretary of Interior, the Director of the National Park Service, and two individuals appointed by the President serve as trustees. The funds deposited

in the trust fund are for such purposes as the board of trustees or the donors may specify.

The funds as a result of this publication will be used in connection with the management and improvement of the National Park Service.

SUMMARY OF APPROPRIATIONS, REVENUES, AND VISITORS

Mr. JENSEN. Will you insert in the record, pages 1 and 2 of the justification, showing revenues, appropriations, and visitor statistics?

(The matter referred to follows:)

NATIONAL PARK SERVICE

Summary of appropriations, revenues, and visitors

Year	Appropriations	Revenues	Visitors
1941	$9,370,030	$2,179,119	21,236,947
1942	14,609,775	2,080,702	9,370,969
1943	5,487,365	1,061,992	6,828,420
1944	4,563,560	807,601	8,339,775
1945	4,740,810	824,078	11,713,852
1946	5,487,375	1,592,947	21,752,315
1947	26,027,955	2,923,587	25,534,188
1948	10,628,055	3,303,328	29,858,828
1949	14,047,649	3,467,606	31,736,402
1950	30,104,850	3,527,607	33,252,389
1951	[1] 33,975,700	3,534,372	37,106,440
1952	28,248,564	3,568,094	42,299,536
1953	[1] 33,162,330	4,190,643	[2] 46,224,794
1954	33,853,850	[2] 4,200,000	[2] 47,500,000
1955	[2] 28,468,000	[2] 4,600,000	[2] 50,000,000

[1] Net appropriations after reductions pursuant to law.
[2] Estimated.

General fund receipts deposited to the credit of the U. S. Treasury during fiscal year 1953 and estimated for fiscal years 1954–55

Source	Actual 1953	Estimated	
		1954	1955
Automobile, admission, guide, and elevator fees	$3,324,927	$3,600,000	$4,000,000
Business concessions	472,732	325,000	325,000
Rents and royalties	102,091	102,325	102,325
Permits, privileges, and licenses	19,780	20,200	20,200
Sale of Government property and products	215,756	104,605	104,605
Sale of services	43,373	37,800	37,800
Other fees and forfeitures	5,075	5,375	5,375
Reimbursements	6,204	4,420	4,420
Gifts and contributions	128	75	75
Realization upon assets	577	200	200
Total	4,190,643	4,200,000	[1] 4,600,000

[1] The estimated increase of $400,000 in revenues is based on assumption that an increase of $200,000 will be provided for employment of seasonal personnel to man the entrance checking stations and other fee-collection points the full time it would be productive to do so. An amount of $200,000 is included under the activity for "Management of park and other areas" of the management and protection appropriation for that purpose.

REVENUES

Mr. JENSEN. Will you give us the amount of revenue which was collected in fiscal year 1953, and your estimate for fiscal year 1954, and fiscal year 1955?

Do you have that, Mr. Wirth?

Mr. WIRTH. $4,190,643.

Mr. JENSEN. For what year?
Mr. WIRTH. For 1953.
Mr. JENSEN. That is the actual amount?
Mr. WIRTH. Our estimate for 1954 is $4,200,000.
Mr. JENSEN. And your estimate for 1955?
Mr. WIRTH. $4.6 million.
Mr. JENSEN. Is that the total revenue for all the parks?
Mr. WIRTH. Yes, sir; all receipts received from all the parks.

REORGANIZATION—NATIONAL PARK SERVICE

Mr. JENSEN. What changes are being made in the Bureau as a result of the recent survey report and how do they affect the budget before us? We have that report, but I am sorry we did not get it in time for the committee to go through it. It just arrived at this office a short time ago, but each member now has a copy.

Mr. WIRTH. I could brief it for you, sir, and give you an idea of what the report is intended to accomplish—I mean, the reorganization.

Mr. JENSEN. We will appreciate it if you will summarize it.

Mr. WIRTH. The main purpose accomplished by the reorganization order is to put greater emphasis on the management of areas in the field, and place responsibility on the superintendent of the area to carry out the management of the park, and to transfer those controls which have been built up over the years, from the technical personnel to administrative personnel.

REGIONAL OFFICES

We have redivided all areas of the country into 6 regions instead of 4. The staffs within the regions have been greatly reduced, and the central design and construction work has been taken out of the regional offices and instead of being in four regions, as they are at the present time, there is an eastern design and construction, a western design and construction, and so forth.

Mr. JENSEN. Does the map which you have hanging on the wall, of the United States, designate the regions as they now exist?

Mr. WIRTH. It shows both the old and the new. The old is the black line. This is old region 1, which is a very big region. Region 3 is this area out to here, and region 4 is this area. The new regional lines are shown in yellow. The Northeast region will be New England, and this group of States, including New York, Pennsylvania, Maryland, Delaware, and New Jersey, with offices in Philadelphia in a Government-owned building which is located within Independence National Historical Park.

Mr. JENSEN. You have no rented space in that region?

Mr. WIRTH. No, sir; they will occupy the upper part of some buildings which we are going to keep for historical purposes. Also, we are putting our eastern design office in that section. The eastern design office covers the first 3 regions and the western design office in San Francisco covers the 3 regions west of the Mississippi.

The Southeast region covers Virginia, West Virginia, the Carolinas, Georgia, and Florida, with headquarters in Richmond.

Mr. JENSEN. Will that be in a Government-owned building?

Mr. WIRTH. There are quite a few Government agencies in that building. I do not know whether the General Services Administration rents it, or whether it actually owns it, but we are on a rent-free basis, so far as the Park Service is concerned.

Mr. JENSEN. You have no rented space in that region?

Mr. WIRTH. No, sir; not out of our appropriation.

The central region takes in the whole Ohio-Mississippi Valley. It takes the 10 States on either side of the Mississippi River, with headquarters in St. Louis, and the regional office will be located on the second floor of the old courthouse in the Jefferson National Expansion Memorial. It is a Government-owned building.

Mr. JENSEN. There is no rented space for this location?

Mr. WIRTH. No, sir; no rented space. The Rocky Mountain region takes in Montana, Wyoming, Colorado, and North and South Dakota, Nebraska, and Kansas, and its headquarters will be in the present Federal Building at Omaha, with no rented quarters there, either, out of our appropriation. I am sure that is a federally owned building.

Mr. JENSEN. Our section was originally with the Omaha region; were they not?

Mr. WIRTH. Yes; you were in the Omaha region, and now it will be covered by the St. Louis office. The Southwest region takes in Oklahoma, Texas, New Mexico, Arizona, Utah, and Nevada, and the headquarters will remain in Sante Fe, in a Government-owned building.

Mr. JENSEN. So there is no rental space there?

Mr. WIRTH. No, sir.

Mr. JENSEN. What is the situation with respect to your space at Omaha?

Mr. WIRTH. We will be located in the Federal Building.

Mr. JENSEN. You will have no rented space there?

Mr. WIRTH. No, sir; not so far as our appropriation is concerned. The Pacific coast region takes in Washington, Oregon, Idaho, and California and Alaska. The present regional office is in the federally owned building or is that a rented building, Mr. Tolson?

Mr. TOLSON. It is a rented building and General Services Administration pays the rent.

Mr. JENSEN. That is true of some of the other regions also; is it not?

Mr. TOLSON. It is true of the regional office in San Francisco.

Mr. WIRTH. I think that it is a federally owned building in Omaha.

We are not certain just where our Western Design Office is going to be located in San Francisco. We have asked the General Services Administration for space. The Western Design Office will need space for about 40 or 42 people. The main objective is to put more responsibility into the hands of the superintendents by taking over the controls previously exercised by technical personnel and let the area superintendents go ahead with the administration.

Mr. JENSEN. What is the situation with regard to the personnel that is necessary to handle these 6 regional offices in comparison with the 4 regional offices which you recently had?

Mr. WIRTH. We estimate that, with the consolidation of our accounting work—with the cutting down of our Design and Construction Division—and moving some of those people to the field, we were going to move somewhere around 60 to 80 people to the field areas. Most of them will come from our Design and Construction Division.

The actual number of people who operate the 6 regional offices will be about the same as we had for the 4 regional offices, due to the shift of responsibilities, and so forth. It will take about the same number to man the 6 regional offices as it did the 4.

Mr. JENSEN. What was the purpose of this reorganization?

Mr. WIRTH. To get our operations closer to the field, by taking away from the technical personnel those controls of area management and placing them in administrative personnel, we believe that we will get considerably more efficiency out of our money.

Mr. LEWIS. May I make a comment at this point, Mr. Chairman?

Mr. JENSEN. Yes, Mr. Lewis; we shall be glad to hear from you.

RESPONSIBILITY OF PARK SUPERINTENDENTS

Mr. LEWIS. As Mr. Wirth said, the reorganization plan was designed to get the control down into the field and the practical working of it will be somewhat along this line: The area director in the past has had complete supervisory control of the superintendents of the parks in his district. Technically, he will continue to have that control, but administratively the authority given to him will be delegated by him to the superintendents of the larger parks, to the end that the superintendent of a park—let us say, like Yellowstone—will be able to work without having to consult with the area director, the superintendent of such a park being a person whose job is sufficiently large that it requires a man capable of making the decisions entirely on his own within the policy framework.

Mr. JENSEN. I think that is the way it should be. That gives more responsibility to your park superintendents, and it says to your superintendent, "Now, you do this job. You are here because we think you know how to do the job, and of course if you do not do the job, we will know that, too."

Mr. LEWIS. Exactly. There is one other thought in connection with it: In taking that load off the area director, it makes it possible for him to devote more time, as you might put it, on the road, in seeing to the proper operation of the very small parks, national monuments, and historical sites that necessarily have more of a custodial type of superintendent. For that reason, he will be able to get around to see them and to see that those parks are operated in a proper manner.

Mr. JENSEN. What other changes have been made?

RESPONSIBILITY OF REGIONAL DIRECTOR

Mr. WIRTH. There is one other point there that perhaps should be mentioned. The regional director will have authority where a small area needs some particular help, that does not justify the use of a full-time man or equipment, to borrow from the big area, and to even move equipment in to help meet a particular job which must be done. He will have the responsibility of shifting and trying to get the most out of the dollar available.

Mr. FENTON. Will he have the responsibility for the financing of this operation?

Mr. WIRTH. He will have the responsibility for assembling the regional budgets, and submit them to Washington consolidated instead of having 180 of them coming directly into Washington, which will be a big help to us.

REDUCTION IN NUMBER OF ACCOUNTING OFFICES

The same is true for field accounting offices. We intend to reduce those offices considerably. I have forgotten the total.

Mr. NEILSON. There will be a reduction from about 47 accounting offices down to about 29 or 30. The final figure has not yet been set as a separate accounting survey is being made on that particular problem.

Mr. FENTON. You have given the major park superintendents authority to go ahead to purchase and to pay for needed items; is that right?

Mr. WIRTH. The money will be allotted directly to them and they will have full authority to go ahead. They will have authority to let contracts within a specified amount of money in accordance with the program approved by Congress.

Mr. JENSEN. Of course, they will send in reports on exactly what they are doing?

Mr. WIRTH. The controls will be there. They will have to follow certain procedures, and there will be a check on them to see that they do.

ENTRANCE FEES

Mr. JENSEN. What changes have been made in entrance fees since last year, and will the changes increase the amount of funds coming into the Treasury?

Mr. WIRTH. Last year, the Secretary approved the changes in our entrance fees, and approved a plan to make certain adjustments between fees so they would be more uniform.

Also, instead of having one fee for the whole season, we established a fee for a 15-day permit, and an annual permit. In other words, a person going into the park would pay a 15-day fee. If he stays longer, he is going to be charged more, and the frequent visitor pays twice as much as the visitor who goes for one trip.

The new fees were put into effect a little late, I am sorry to say, and consequently many of the annual permits were purchased before the new fees went into effect. So, the full value of it was not realized last year, but this year we will realize the benefit of that, and it should result in an increase in this year's receipts.

Mr. NEILSON. We have a figure in this year's budget of $450,000 for employing additional seasonal personnel to collect fees, protect park values, and furnish guide and visitor services.

Mr. WIRTH. There is no way of telling just how much the additional revenue will amount to, Mr. Chairman, but we expect to realize a considerable sum from that.

CONCESSIONAIRE CONTRACT

Mr. JENSEN. Mr. Budge, I believe you and Dr. Fenton were at Yellowstone National Park and you looked into the Hamilton stores contract. Would either one of you care to have anything to say at this time about that contract?

Mr. BUDGE. Mr. Chairman, I think this is just one instance in an overall pattern. The actual appropriations for the Park Service have increased approximately four times in the last 10 years. I wish that the Park Service would furnish for the record a statement as to the receipts over the last 10 years. I doubt that they have kept pace at all with the increase in appropriations.

Mr. JENSEN. I believe Mr. Wirth submitted a table showing that; did you not?

Mr. WIRTH. Yes, sir; I am pretty sure it is in here now.

Mr. NEILSON. Yes; it is on page NP–1 in a summary of appropriations, revenues, and expenditures.

Mr. BUDGE. The committee has attempted in this, now combined contract, which you propose to enter into at the Yellowstone National Park, between what was formerly the Hamilton Stores Co. and the Pryor Stores, which have now been consolidated under one new contract, to see just what the returns to the Government are going to be.

As you recall, when you were before the committee last year, the committee felt that from the gross receipts of the concessionaires that the franchise fee appeared to be very low, and as a matter of fact, over the past 5 years, the holder of that franchise—the Hamilton stores—has realized an average of 13.9 percent on its investment and the Pryor stores have realized a return of 13.51 percent.

Under the new contract which you propose to enter into, the Government, apparently, is going to get less money than it would under the old contracts, is that correct?

Mr. WIRTH. May I furnish an explanation in regard to the two contracts? The Pryor contract was a percentage of the net, and if my memory serves me right, we got very little under the Pryor contract, because there was an accumulation of losses during the war, which allowed them to take more of the receipts.

Mr. BUDGE. But not what you would get during the last 5 years?

Mr. WIRTH. During the last——

Mr. BUDGE. Just a minute. The Pryor Stores, Inc., had gross receipts during the years 1948 to 1952, inclusive, of $2,120,047.76. Out of that better than $2 million they paid a franchise fee to the Federal Government Park Service of $17,472.84.

Mr. WIRTH. I have not, Mr. Budge, got the Pryor Stores, Inc., report here with me. I have the Hamilton one.

Mr. BUDGE. I have both of them before me and the yearly average during those 5 years for Pryor Stores, Inc., their gross receipts, were $424,009.55.

Mr. WIRTH. That is it.

Mr. BUDGE. They paid the Park Service $3,494.57 on an average during those 5 years.

Mr. WIRTH. That may be. I am sure it is true if you have those figures there, sir.

Mr. BUDGE. They are your figures, not mine.

Mr. WIRTH. But I mean I do not have the figures before me. I did not know this particular subject was coming up this morning. Of course, Pryor bought Hamilton last year, and it is combined, and there is a new contract up for consideration at the present time.

Mr. BUDGE. That is what I am getting at: Your new contract will return to the Government about half what the old one did.

Mr. WIRTH. We are operating on, or talking about, a 2 percent of the gross on the new contract.

Mr. BUDGE. Using the 1952 figures, you get about half as much out of your new contract as you got out of the old one, and you certainly got a mighty small percentage out of the old one.

Mr. JENSEN. Has that contract been signed?

Mr. WIRTH. No, sir; all contracts are submitted to Congress.

Mr. LEWIS. Mr. Chairman, that contract has not reached the stage of coming to my desk yet. It would do that before it is either submitted here or signed.

Mr. BUDGE. Mr. Secretary, I went into this in quite some detail last year, and a lot of the wholesome things that have been recited here this morning have been as a result of the committee action last year.

The figures are quite revealing when you take the dollar income and see what the concessionaires are paying the Government for doing business.

Mr. WIRTH. Mr. Budge, here is one thing I am very much interested in, and I think I mentioned it last year. Secretary Lewis called my attention to the possibility of getting the Budget Bureau to help. I am awfully anxious to get an outside study of just what these contracts ought to be, and I think we ought to have an outsider look and see.

You recall at that time last year I had hopes I could get a donation of a hundred thousand dollars to make a complete study of the interest the Government has in these park concessions.

We are confronted with a very difficult problem because these people invest their money and put in their own buildings and pay all the taxes, and then there is a question of how much we should take over and above their normal taxes to Federal and State Governments and also how much we should insist on further development, which we need very, very sorely.

I know in most of our contracts we have been insisting on a certain building program in each 5-year period, and the whole matter comes up for negotiation every 5 years. This material here on the Pryor Stores shows a return on investment of 13.5 percent.

Mr. BUDGE. That is the average over 5 years.

Mr. WIRTH. Yes, that is right; and, of course, during war years and during certain depression years, they actually showed a deficit: In other words, it is very hazardous and goes up and down.

Mr. BUDGE. They are not the only businesses that showed a deficit.

Mr. WIRTH. No, I grant you that, but it is a 90-day operation in many respects. For a quick turnover I do not know what the percentage should be, and I am not going to ask anybody here because it is not proper; but I do not know what kind of a return a man should make on his business in that connection.

I have heard all kinds of percentages, and I do know there is nothing to compare it with.

Mr. BUDGE. You are the man running it for the Government; and I hope the new contracts will be fair to both parties, the Government and the concessionaire.

Mr. WIRTH. I am firm in my recommendation of what I think it should be, but my feeling on it has been definitely questioned. I think 2 percent of the gross is a fair fee on this concern, providing it carries out the necessary improvements and puts its money in it.

Mr. BUDGE. Which means you get half as much under this new contract as you have been getting.

Mr. WIRTH. But you would be sure to get it, and the other one was on a net basis, and, if they did not make at least 6 percent, it was accumulative and would hold over until such time—to be perfectly frank with you, the Yellowstone Park Co. has not been paying us a thing because it lost so much money during the war. I do not think that is fair.

Mr. BUDGE. I hope that the Secretary will take a look at this personally because it is a situation that has been going on for years and years, and what it is going to result in is continually decreasing accommodations in the parks.

They are getting worse every year, and yet the concessionaires seem to have a pretty good return on their investments. I hope you will take a look at that.

Mr. LEWIS. I would like to bring out something in connection with it now, Mr. Chairman and Mr. Budge.

Mr. JENSEN. You may proceed.

Mr. LEWIS. I became conscious of this shortly after I came into this job. One of the things that made me conscious of it was the fee paid by the Yellowstone Park Co., which was $5,000 a year for a rather extensive operation.

I then found out that a number of these 20-year contracts were to expire in not too long a time, which gave the Park Service its first chance to really readjust the contracts and enter into further ones. Those early contracts probably could be explained by the fact that at the time they were entered into, the principal idea was to get somebody interested and to start an operation, but whatever the reason, I find this situation to exist.

I have talked with a number of the operators of these larger concessions, and told them that I felt, in many instances, the fees that they were paying were not in line. They are like any other businessmen, of course. They do not want to pay any higher fee than is absolutely necessary. On the other hand, I have read between the lines, and some of them have said very definitely that, if they had a feeling of security in their operations in these parks of a more definite nature and if our dealings with them were on purely a business basis, they would not be particularly perturbed by the amounts that they had to pay, as long as they were reasonable as they could then anticipate being able to conduct their business in a business-like way. What has bothered them is they went through quite a period of time when, apparently, the philosophy that existed in the Government was such that their operations were made extremely difficult. You see, these contracts contain rather vague clauses which gives the Secretary rather unlimited powers in telling them what they have to do and how they must conduct themselves, what prices they shall charge, and all that goes along with that. They are in the nature of a public utility without the assurance that a public utility is given of making a modest return on its investment.

For that reason, I am hoping that the new long-term contracts will be such that these people will have an assurance that they are in business for that length of time and can conduct it in a businesslike way, and at the same time it will have requirements for payment that will assure the Government that it is going to properly share in the activities that are conducted at each part by the particular concessionaire.

I think it can be done. I do not think there is anybody presently in the Park Service—and I do not believe the Park Service could afford to employ anyone—who would be really familiar with the kind of charges that should be made for operations of this kind.

I do not think an ordinary business would have that type of person in its employ. I do think there are people who are equipped along that line, and I want very badly, particularly with these concession contracts coming up shortly, to have studies made, so that we will know what they should be charged so that we can charge them those amounts.

We are now sending the contracts to the Congress to examine before they are signed, as you know. As yet, we have sent no long-term contracts. There was one 10-year contract. That is the nearest thing to a long-term contract, but that is a brand new operation and is a little different.

The others are 1 and 2 years, and we expect that the first 20-year contract will come up as a result of studies of that kind and will at least partially satisfy us, and I hope partially satisfy you.

We are going to work on it very hard because we are quite conscious of it.

Mr. JENSEN. I must say that it is not difficult to realize the risk that a concessionaire takes because of the fact that the season is so short, about 90 days, is it not?

Mr. WIRTH. That is right, sir.

Mr. JENSEN. They go in there, and they do spend a mighty lot of money to build up the facilities that are necessary in order to accommodate the people and other things that are necessary.

I know the Yellowstone Park Co. has millions invested in facilities in Yellowstone Park.

I went to their supply depot a few years ago, and I was amazed to see the amount of supplies it was necessary for them to keep at all times, and the buses and the men they must employ.

Also, they are required to keep those buses in the finest working condition, in tiptop fashion all the time, and they have a big responsibility.

This committee has always, I think, felt very kindly toward concessionaires, and naturally we want them to make money, but when they do, naturally we want to see the Government share in the profits.

At the same time we do not want to make it so tough for concessionaires, that good, responsible people will not be interested in taking these contracts.

Mr. WIRTH. I might say that in the case of the Yellowstone Park Co., their contract will be expiring in 2 years. We are very anxious to get some improvements in their camps and cabins and so forth, which are absolutely necessary.

Mr. BUDGE. That is the thing I am getting at. They have been in there I don't know how many years, but it has been a long time, ever since I can remember; and in the main their buildings are just the same as they were when I was a kid.

Some money should be channeled into improvements. I do not have any objection to their making money, and I strongly suspect that what the Secretary just said about the apprehensions which they have had during the past years has resulted in this situation.

Mr. LEWIS. That is right.

Mr. BUDGE. But it has got to be corrected or all of your accommodations will fall down.

Mr. WIRTH. I do not think, if I may say this—I said elsewhere, and I still think it is sound—I think the Government is entitled to a fair share of the profits.

However, what I am anxious to do is to tie that up with an improvement program to serve the public because I think that is the crux of many of the complaints now, and the Yellowstone Park Co. is an outstanding example of not putting money into getting more cabins and getting rid of the old stuff.

Of course, we cannot get rid of it until we get new stuff to take its place; but I think we need many new cabins. Take the Glacier Park Co. That is a subsidy of the Great Northern Railroad. They want to sell out and the Yellowstone Park Co. wants to sell out.

Incidentally, on the point that the Assistant Secretary was talking about, the Glacier Park Co. claim they have never made any money in the past 20 years. We have been trying to get them to put in more cabin groups, which they need very badly, but we cannot do it until they show a profit on earnings, which would justify it.

Mr. BUDGE. With the facilities they have and the rates they charge, I do not know how they do any business at all, as a matter of fact.

Mr. WIRTH. I still think if they would put in cabins they would make money; but both the uncertainty and the difficulty of getting materials for a while caused a delay in their development.

MANAGEMENT AND PROTECTION

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$8,786,550	$8,869,550	$9,750,000
Reimbursements from non-Federal sources	5,961	4,492	5,267
Reimbursements from other accounts	40,634	40,300	33,517
Total available for obligation	8,833,145	8,914,342	9,788,784
Unobligated balance, estimated savings	−53,747		
Obligations incurred	8,779,398	8,914,342	9,788,784
Comparative transfer from "Construction and rehabilitation, Bureau of Reclamation"	308,301	226,804	
Total obligations	9,087,699	9,141,146	9,788,784

NOTE.—Reimbursements from non-Federal sources above are from the proceeds of sale of personal property (40 U. S. C. 481 (c)), and for providing financial assistance for local educational agencies in areas affected by Federal activities (20 U. S. C. 236–244).

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
Direct Obligations			
Appropriated funds:			
1. Management of park and other areas	$6,921,676	$7,005,820	$7,803,000
2. Forestry and fire control	608,434	653,400	639,000
3. Soil and moisture conservation	90,038	91,200	50,000
4. Park and recreation programs	1,152,180	1,075,166	987,000
5. Concessions management	268,776	270,768	271,000
Total obligations from appropriated funds	9,041,104	9,096,354	9,750,000
Reimbursement from non-Federal sources:			
6. Replacement of personal property sold	5,477	3,322	4,097
7. Assistance to local educational agencies	484	1,170	1,170
Total obligations payable out of reimbursements from non-Federal sources	5,961	4,492	5,267
Total direct obligations	9,047,065	9,100,846	9,755,267
Obligations Payable Out of Reimbursements From Other Accounts			
1. Management of park and other areas	23,800	21,970	17,517
2. Forestry and fire control	287		
3. Soil and moisture conservation	368		
4. Park and recreation programs	15,950	18,330	16,000
5. Concessions management	229		
Total obligations payable out of reimbursements from other accounts	40,634	40,300	33,517
Total obligations	9,087,699	9,141,146	9,788,784

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Summary of Personal Services			
Total number of permanent positions	1,528	1,518	1,562
Full-time equivalent of all other positions	332	357	463
Average number of all employees	1,744	1,807	1,958
Average salaries and grades:			
General schedule grades:			
Average salary	$4,681	$4,713	$4,720
Average grade	GS-6.9	GS-6.9	GS-6.9
Crafts, protective, and custodial grades:			
Average salary	$3,400	$3,399	$3,397
Average grade	CPC-5.0	CPC-5.0	CPC-5.0
Ungraded position: Average salary	$3,361	$3,559	$3,661
Personal service obligations:			
Permanent positions	$6,224,913	$6,567,293	$6,774,764
Other positions	999,661	1,081,472	1,438,330
Regular pay in excess of 52-week base	24,034	25,345	26,158
Payment above basic rates	183,838	159,134	151,481
Total personal service obligations	7,432,446	7,833,244	8,390,733
Direct Obligations			
Appropriated funds:			
01 Personal services	7,411,297	7,809,249	8,371,996
02 Travel	252,931	193,941	193,250
03 Transportation of things	63,204	30,647	41,549
04 Communication services	58,469	57,585	57,978
05 Rents and utility services	298,724	279,243	280,865
06 Printing and reproduction	121,976	132,128	137,806
07 Other contractual services	182,365	154,377	184,102
Service performed by other agencies	128,412	68,495	49,715
08 Supplies and materials	232,803	238,192	249,252
09 Equipment	266,921	110,622	154,945
13 Refunds, awards, and indemnities	537		
15 Taxes and assessments	23,465	21,875	28,542
Total obligations from appropriated funds	9,041,104	9,096,354	9,750,000

Obligations by objects—Continued

Object classification	1953 actual	1954 estimate	1955 estimate
Direct Obligations—Continued			
Reimbursements from non-Federal sources:			
07 Other contractual services	$484	$1,170	$1,170
09 Equipment	5,477	3,322	4,097
Total obligations payable out of reimbursements from non-Federal sources	$5,961	$4,492	$5,267
Total direct obligations	9,047,065	9,100,846	9,755,267
Obligations Payable Out of Reimbursements From Other Accounts			
01 Personal services	21,149	23,995	18,737
02 Travel	6,261	3,020	2,360
03 Transportation of things	264	300	300
04 Communication services	4,323	5,000	4,500
05 Rents and utility services	300	422	160
06 Printing and reproduction	1,097	800	700
07 Other contractual services	1,367	728	630
08 Supplies and materials	2,798	4,955	4,680
09 Equipment	3,008	1,027	1,450
15 Taxes and assessments	67	53	----------
Total obligations payable out of reimbursements from other accounts	40,634	40,300	33,517
Total obligations	9,087,699	9,141,146	9,788,784

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year	$624,144	$939,584	$909,134
Adjustment in obligations of prior years	224,394	----------	----------
Obligations incurred during the year	8,779,398	8,914,342	9,788,784
	9,627,936	9,853,926	10,697,918
Deduct:			
Reimbursements	46,595	44,792	38,784
Unliquidated obligations, end of year	939,584	909,134	1,159,134
Total expenditures	8,641,757	8,900,000	9,500,000
Expenditures are distributed as follows:			
Out of current authorizations	8,641,757	8,100,000	8,700,000
Out of prior authorizations		800,000	800,000

Mr. JENSEN. Let us now go into management and protection. You are asking for $9,750,000 for 1955, which is $880,450 more than 1954 fiscal year appropriation.

Mr. WIRTH. Mr. Chairman, as Assistant Director Tolson is more familiar with the details of the budget material, would it be permissible to have him answer questions in a detailed fashion?

DINOSAUR NATIONAL MONUMENT

Mr. JENSEN. We would be glad to have Mr. Tolson take over. Why is the Dinosaur National Monument increase particularly highlighted in the justifications? Can anyone tell me that?

Mr. TOLSON. There is a small amount asked for Dinosaur National Monument, of $8,455. That is simply to provide a naturalist and a ranger and some general expenses for those two men. It is highlighted because it is the only area for which a specific increase is requested, except the increases for four new areas.

Mr. JENSEN. Is there any controversy out there in that area?

Mr. TOLSON. Yes, sir; a hearing is being conducted by the Congress at the present time.

Mr. JENSEN. What is that hearing about?

Mr. WIRTH. The hearing, sir, concerns whether two dams are to be built in the monument, and the Department has recommended that the dams be built.

Mr. JENSEN. Who recommended it?

Mr. WIRTH. The Department has recommended approval of a bill before Congress providing that a dam be constructed at Echo Park.

Mr. JENSEN. What committee is considering that?

Mr. WIRTH. The House Interior and Insular Affairs Committee.

(Discussion off the record.)

Mr. JENSEN. That is something for the legislative committee to worry about. I note instead of $8,455 increase that your justifications call for $15,880 increase for Dinosaur National Park. Is that right?

Mr. WIRTH. Yes, it calls for a total of $15,880.

Mr. JENSEN. How many people have visited the monument in each of the last 5 years?

Mr. WIRTH. 22,000 this last year. It has been a little over 500 actually down the river, and 22,000 visited the monument.

Mr. JENSEN. Is that about an average?

(Discussion off the record.)

CAPE HATTERAS PROJECT

Mr. JENSEN. Insert the tables on pages 15 and 16 in the record at this point, also the justifications on which you base your request for so many people for the Cape Hatteras area.

(The matter referred to follows:)

CAPE HATTERAS

The act of August 17, 1937 (59 Stat. 669), authorized establishment of Cape Hatteras National Seashore, N. C. The act provided that the land for this area would be acquired through public or private donation. The service, through its land acquisition office in Manteo, N. C., has entered into negotiations to acquire some 28,500 acres of land with funds donated for the purpose by the Old Dominion and Avalon Foundations ($618,000), which amount was matched by North Carolina. In addition, the State donated approximately 8,000 acres of land to the Federal Government for the project. The area will ultimately include lands on Bodie Island, Hatteras Island, and Ocrakoke Island. Also the Pea Island Wildlife Refuge, administered by the Fish and Wildlife Service, will be within the boundaries of the area. As of January 1, 1954, the Service has acquired or has under option contract about 20,000 acres for which the Service is responsible for management and protection pursuant to secretarial order of January 12, 1953.

Although there are no travel statistics available, a conservative estimate is 200,000 persons for the first year of operations, and it is anticipated that use will increase sharply in subsequent years. Attractions of the area will be several bathing beaches, picnic areas, and points of historical interest, including the Cape Hatteras Lighthouse overlooking the Graveyard of the Atlantic. Both sport and commercial fishing will be permitted and operational bases for some of the fishing fleets, particularly the sports fishing fleets, will be maintained within the boundaries of the area. Personnel details and other proposed expenses making up the $105,000 estimate are as follows:

Personal services	Amount		Number	Man-years	Amount
Permanent:		Other employees:			
Superintendent, GS–12	$7,040	Ranger, GS–4	3	1.0	$3,175
Assistant superintendent, GS–11	5,940	Historian, GS–4	1	.3	1,060
Chief ranger, GS–9	5,060	Geologist, GS–4	1	.3	1,060
Naturalist, GS–9	5,060	Biologist, GS–4	1	.3	1,060
Chief clerk, GS–8	4,620	Lifeguards, CPC–4	6	1.5	4,125
Ranger, GS–6 (2, at $3,795)	7,590	Wardens, CPC–4	3	1.5	4,125
Ranger, GS–5 (2, at $3,410)	6,820	Janitor, CPC–3 (WAE)	1	.3	852
Fiscal accounting clerk, GS–5	3,410	Total	16	5.2	15,457
Clerk-stenographer, GS–4	3,175	Add permanent			47,285
Clerk-typist, GS–3	2,950	Overtime and holiday pay			600
Total permanent, 12 employees	51,665	Grand total, personal services			63,342
Less estimated lapses	4,380				
Net permanent	47,285				

General operating expenses, such as travel, communications, contractual services, supplies and materials, etc., amount to $26,075, and it is estimated that $15,583, would be needed for initial equipment requirements. Equipment would consist of the following:

4-wheel-drive open jeeps, 5, at $2,000	$10,000
Typewriters, 15-inch, 4, at $150	600
Adding machines, 2, at $275	550
Mimeograph machine	686
12-section bookcases, 4, at $80	320
Desks, 10, at $150	1,500
Stenographer chairs, 8, at $34	272
Executive-type chairs, 4, at $40	160
Straight-back chairs, 3, at $25	75
Tables, 2, at $100	200
Comptroller General decisions (set)	120
Skiff with outboard motor	800
Miscellaneous small items of office and protective equipment	300
Total	15,583

Mr. JENSEN. You asked for a total of $105,000 which starts this project off as one of the higher priced projects that will be handled by the National Park Service.

Mr. WIRTH. The Cape Hatteras project is a new area, which is now being acquired. The land has been purchased with funds donated jointly by the State and by private capital on a 50–50 basis, based on an authorization of Congress, and contains over 28,000 acres and about 80 miles of ocean front.

On the further side, there are about six fishing villages that are taken out of the project. The State has built a road down there. It is becoming a very popular and very heavily traveled area, and we assume an almost immediate full impact of a regularly operated area with the personnel to handle it.

We have had to move in 1 or 2 rangers just to protect the land that we have now and transfer them from the other areas at the present time in order to protect what we have there already.

We have shown on page 15 the personnel that we propose to employ at this area, and the equipment we need is on page NP 16. We are requesting 12 permanent and 16 temporary employees totaling 5.2 man-years.

Mr. JENSEN. What is this thing going to develop into?

Mr. WIRTH. I think it is going to be one of the most heavily used areas. Cape Hatteras is a fascinating place, it has a tremendous shoreline, and it is the Graveyard of the Atlantic. It is one of the crucial points in wartime and was at the time of the last world war.

Mr. JENSEN. I remember last year we went into it quite thoroughly. Is this about to develop into a project that is going to cost an awful lot of money?

Mr. WIRTH. No, sir; I think it is entirely maintenance and operation. There is going to be required very little construction funds. The land was purchased by donations from the State and individual citizens. The road is already built by the State and opposite these communities—we have left the communities out of the project and have made commitments that the Government will not permit any development of hotels and cabins on this property, that we expect the communities themselves to do it and handle it themselves like we have done in the Smokies in Gatlinburg, that the care of the public is going to be outside of the area and not on our property, so it becomes an area of protection and nothing else.

REVENUES FROM NEW AREAS

Mr. JENSEN. What fees, if any, will you charge for the four new areas, and how much do you estimate will be returned to the Treasury from each? Will you specify each 1 of these 4 new areas for which you are requesting funds?

Mr. WIRTH. I have been trying to formulate an opinion. We had not made any study of it. I would say, offhand, that the Cape Hatteras project has a State road that goes down it and that is the way the people would go down, and there is no way we could collect a fee that I know of.

Mr. JENSEN. How about Cumberland Gap?

Mr. WIRTH. It is the preservation of the historic gap, and there is a State highway through it. There is no way I know of, outside of amusement, if it were built, that would produce revenue.

Mr. JENSEN. How about Federal Hall, down near the Battery in New York, as to producing revenue?

Mr. WIRTH. When the museums are developed, there would be a charge at Federal Hall.

Mr. JENSEN. How about Harpers Ferry National Park?

Mr. WIRTH. It would be only insofar as a museum would be concerned because the property is such that the highways go through it, so that I could not see how we could possibly collect a fee.

Mr. JENSEN. Has the National Park Service made any attempt to turn these four new projects over to the States?

Mr. WIRTH. No, sir; we have not.

Mr. JENSEN. How about other park areas and monuments?

STUDY OF PARK SERVICE AREAS

Mr. WIRTH. We have, Mr. Chairman, at the request of the Secretary, begun a complete study of the areas. We have submitted a list to the Secretary's office for consideration; I think there are 12 areas on the list. We are now proceeding with the necessary steps to see whether we cannot dispose of them.

Last year we were successful in getting—no, it was year before last—two areas abolished, and we have one bill now in Congress that has passed the House and gone before the Senate that calls for the abolishment of one area. We are interested in disposing of those areas that should not be in the National Park System.

Mr. JENSEN. What areas are those that you are disposing of?

Mr. WIRTH. Mr. Chairman, there is one question on that subject which might be embarrassing. May I make that statement off the record and then we can see afterwards whether you want it on?

Mr. JENSEN. Yes.

(Discussion off the record.)

Mr. WIRTH. The Cape Hatteras, Cumberland Gap, and Harpers Ferry areas were purchased by money put up by the States and private individuals based on legislation. They were passed on by the National Park Service and the Advisory Board and recommended by the Secretary and the administration to Congress.

A commitment or contract, I would say, was made with the States. These areas are part of the National Park System. The commitment was that the Government would like to have them if the States would buy them and give them to us, and I think it would be very poor policy to go back on that particular contract with the States.

I might say that all the areas, or a majority of those certainly, since the Park Service has been established, like the Great Smokies, Blue Ridge, and Shenandoah and the Everglades, were not carved out of the public domain that the Government owned, but were purchased on an agreement with Congress that they were of national park caliber and should be in the national park system.

Mr. NORRELL. The decision should have been made at the time of the legislation, and some of it dates way back to the twenties and thirties.

Mr. JENSEN. Have you reduced your request for funds because of the fact that some of these monuments are going out of the hands of the National Park Service?

Mr. LEWIS. The few that might likely go out have been of the type that cost little or nothing to the Federal Government; in other words one of the reasons that the local people have asked that they be taken out of the National Park Service is that apparently for many, many years the Park Service has done nothing except give custodial care.

We have the costs of operating all of these parks that have come under discussion for local control which have been about $450,000 annually; but, of course, some of them, as a matter of fact the major number of them, will not go out from under Federal control, certainly not during this coming year.

There are some that there is little or no likelihood. They came under consideration because of the suggestion of the Park Service and its belief that they did not fit the requirements. The survey team's reaction that some of them did not fit in on the other hand; questions raised by the Secretary's office as to whether or not some of them should be eliminated.

Perhaps the wrong approach was taken with respect to any publicity but that probably came out more because of the survey team's report than anything else.

Mr. JENSEN. Is that $450,000 included in this budget request?

Mr. LEWIS. Yes, it is.

Mr. JENSEN. Will it be possible to take out some of that money because of the actions taken on those parks and monuments?

Mr. LEWIS. I wish that it were possible to say so. I can only say this: that because of the circumstances, as it looks at the present time, I would think it would be unwise to eliminate them.

I can assure the committee that in the event that they go out, the moneys that were made available to them will not then be used for some other purpose, but it will be recognized that they are out of the Park Service, and those moneys will be held as though they were not appropriated.

Mr. WIRTH. Each one of these areas would require an act of Congress to abolish an area. The only one before Congress now is Old Kassan National Monument in Alaska, which is one of those areas we should never have had. We have never spent any money on it.

Mr. NORRELL. Could I ask a question, Mr. Chairman?

Mr. JENSEN. Yes, go ahead, Mr. Norrell.

HOT SPRINGS, ARK.

Mr. NORRELL. What has been done so far, Mr. Secretary, regarding Hot Springs, Ark.

Mr. LEWIS. Nothing that I know of. Mr. Wirth could advise you to a far greater extent than I. I have had no correspondence on it.

Mr. NORRELL. You have a budget request in here for it, do you not?

Mr. WIRTH. Yes, indeed, we do.

Mr. NORRELL. Incidentally, I would like to say that the income figures from that this past year were $50,080.99. What is the estimated cost of operation during the next fiscal year?

Mr. TOLSON. $163,410. That amount would be included in the $450,000 you just mentioned.

Mr. NORRELL. That is all, Mr. Chairman.

GUIDE SERVICES

Mr. JENSEN. Concerning our heavily visited monuments and parks, could the guide service be put out on contract to avoid having so many people on the Federal payroll?

Mr. LEWIS. Mr. Chairman, one of the compliments that the Park Service gets and one of the most deserved, I believe, is the park ranger in his contact with the public. To follow a procedure of letting the concessionaire show some particular sites would lose that contact with the public. I do not know whether the Park Service itself has given any thought to it. I know that the question has not come before me, but I did want that thought to be considered in discussing it.

Mr. JENSEN. Mr. Wirth.

Mr. WIRTH. I might say, sir, that we did recommend against that, and I would like to make an example. We inherited Gettysburg Battlefield from the War Department in 1933 with the consolidation. At that place they have private guides that guide people around the battlefield.

They charge, I think, $3 per. One of our big problems is with these private guides. They are individuals that seem to think they have inherited that with the family.

It is the most difficult job we have. They stand out on the highway and flag people down. We get more complaints about it. They are also inclined to tell legendary stories and they will tell fictitious things that are almost impossible to control.

But, if we have the people on our own payroll, we can call on them to fight fires or to rescue people but we cannot go beyond our own personnel, sir; I would strongly hope that private guide service would never come about. I think our ranger force is tops.

LAW ENFORCEMENT IN NATIONAL CAPITAL PARKS

Mr. JENSEN. Do you have some statistics on crime in the national parks and information relative to workload in the parks to back up your requests for six more park police?

Mr. WIRTH. Do you mean for the District, sir?

Mr. JENSEN. Yes.

Mr. WIRTH. I would like to have Mr. Gartside answer that, if he may, Mr. Chairman.

Mr. GARTSIDE. Mr. Chairman, the overall crime situation in the national capital parks is showing some improvement due to the help of this committee, and I regret that we were forced to arrest 18,781 people during 1953.

Mr. JENSEN. In what category do those crimes fall?

Mr. GARTSIDE. The bulk of them are, of course, traffic violations, and I am happy to say that in the more serious types of crimes, there has been a general reduction in the last 5 years, but the total arrests have been more than doubled during that period, which will give you some indication of our workload.

There has been a decrease in the sex offenses; however, there is an increase in automobile thefts. And in crimes against the person, assaults, robbing and yoking. There have been in the past year four cases of nonnegligent manslaughter. We have statistics, and I want to put this tabulation in the record, to show that crime has been at a minimum when our police force was at a maximum.

(The document is as follows:)

Report by U. S. Park Police showing serious offenses, 1948–53

	1948, 48-hour week	1949, 48-hour week	1950, 48-hour week	1951, 40-hour week	1952, 40-hour week	1953, 40-hour week
Nonnegligent manslaughter	4	1	1	0	0	0
Negligent manslaughter	1	8	0	1	1	4
Rape	5	4	8	8	2	13
Robbery	61	44	21	21	44	21
Aggravated assault	21	20	6	12	12	22
Burglary, break, and enter	27	27	37	24	50	20
Larceny, $50 and over	31	20	29	24	19	32
Larceny, under $50	182	95	105	130	268	172
Auto theft	34	29	14	13	33	48
Sex offenses	549	340	234	73	61	100
Total	915	588	455	306	490	432
Authorized strength of force	125	125	165	[1] 198	[2] 192	198
Grand total of arrests for all offenses, 1948–1953	9,276	8,290	10,425	12,178	12,340	18,781
Grand total of fines and forfeitures	$72,912.30	$52,499.30	$64,064.19	$72,853.90	$82,670.30	$126,437.56

[1] 33 men added because of 40-hour week for police.
[2] Salaries of 6 positions lost due to monetary reduction in District of Columbia appropriations, fiscal year 1953, restored in fiscal year 1954.

Mr. GARTSIDE. During this past year we have been forced to take over the policing of the Baltimore-Washington Parkway.

NUMBER OF PARK POLICE

Mr. JENSEN. How many police do you have?

Mr. GARTSIDE. It requires 11 men to keep 1 cruiser on full-time patrol of the parkway.

Mr. JENSEN. How many men do you have altogether?

Mr. GARTSIDE. We have 198 authorized at the present time. You will recall that over a period of years this committee has helped us meet this ever-increasing crime problem. In 1950 you gave us an increase of 40 men, which represented one-half of our needs as reflected at that time.

Mr. JENSEN. You have some mounted police now, do you not?

Mr. GARTSIDE. Yes.

Mr. JENSEN. How many?

Mr. GARTSIDE. We have 11 mounted police.

Mr. JENSEN. What do you think of them?

Mr. GARTSIDE. I think they are doing a very good job. Their job is mostly preventative. We have been able to almost eliminate exhibitionists in the remote areas, such as Rock Creek Park. We think we should have a minimum of at least 25 mounted police. We need about 250 men to do the job that we are faced with today. We have a request before the committee for 17 men for the policing of the Baltimore-Washington Parkway which we are required to do under the law. It is in actual use at this time.

Mr. JENSEN. What parkway?

POLICING OF BALTIMORE-WASHINGTON PARKWAY

Mr. GARTSIDE. The Baltimore-Washington Parkway. It is a new facility and is now open to traffic. We have had to take 11 men from our already inadequate force within the District in order to keep 1 cruiser operating there.

Mr. JENSEN. Can we justify policing that parkway with National Park Service personnel?

Mr. GARTSIDE. It has been placed by law under the Park Service as part of the National Capital Park System, and we must police it so long as it remains in that system.

Mr. JENSEN. I know that, but I have often thought that it just did not square with good commonsense that the National Park police should police that long stretch of road that runs outside the National Park area, much of it. Is that not a fact?

Mr. GARTSIDE. That is correct, Mr. Chairman, but by law the National Capital Planning Commission has been set up to prepare a comprehensive plan for the overall development of the National Capital, and its environs, and as part of that plan they have provided for a series of parkways—the Baltimore-Washington Parkway, the George Washington Memorial Parkway, the Suitland Parkway—as an extension of the park system in order to provide a dignified and safe approach to the Nation's Capital, and the Congress has recognized that and passed laws making them a part of the park system.

Mr. JENSEN. You are not the only police force that patrols that road, are you?

Mr. GARTSIDE. We are the only police force that patrols this particular 18-mile stretch.

Mr. JENSEN. You are?

Mr. GARTSIDE. Yes, sir.

Mr. WIRTH. I might say that on the other side of Fort Meade to Baltimore that was carried jointly by Federal and State funds, and there is a different police force there, but they do not come down in our 18 miles and we do not go in their section.

Mr. JENSEN. I see.

Mr. WIRTH. I would like to add to that, if I may, why it is charged to us. As Mr. Gartside says, it is absolutely important that we maintain it as long as we have it.

Mr. JENSEN. There is no question about that. I think you have to. It is not a question of what you want to do; it is a question of law.

Mr. WIRTH. That is right. I personally feel—and it has been so recommended to the Secretary and Mr. Lewis has given me approval to go ahead and try to work something out with the State—that the Baltimore-Washington Parkway and the Suitland Parkway are not what we would term true parkways, like the Mount Vernon Parkway which is really connecting the historic park with a national park, and the George Washington Memorial Parkway, which is a scenic and pleasure-type of trip.

The Baltimore-Washington and Suitland Parkways provide a quicker and safer route, but, even so, I would still say that no trucks should be allowed on them. The Suitland road was built to connect Andrews Field with Washington. They both started during the war. I do feel that they are deteriorating the real concept of a parkway, and I personally hope we can work some way of getting off; but, in the meantime, we do need what Mr. Gartside requested.

Mr. NORRELL. Mr. Chairman, may I ask a question?

Mr. JENSEN. Yes.

Mr. NORRELL. In the years to come that is just going to be another link in the highway chain around Washington, is it not?

Mr. WIRTH. In my opinion that is what it is.

Mr. NORRELL. If you want to save some money on the Park Service, why do you not let the Bureau of Public Roads do that job?

Mr. WIRTH. Of maintaining the roads?

Mr. NORRELL. Yes, and looking after it.

Mr. WIRTH. That would be all right with me, but the Bureau of Public Roads maintains no public roads. It is a construction bureau.

Mr. NORRELL. It should be turned over to the States. That is where it should go.

Mr. WIRTH. Yes, and we have an authorization to proceed with those negotiations.

Mr. NORRELL. I mean it is just not the job of the Park Service to assume that responsibility.

Mr. WIRTH. Sir, I agree with you.

SOIL AND MOISTURE CONSERVATION

Mr. JENSEN. Soil and moisture: Last year we appropriated $91,200. This year it has been reduced to $50,000, or a decrease of $41,200. How many acres of land are under the jurisdiction of the national parks?

Mr. TOLSON. Approximately 24 million acres.

Mr. JENSEN. 24 million acres?

Mr. TOLSON. Yes, sir.

Mr. JENSEN. $50,000—what would that amount to per acre? About 2 cents an acre?.

Mr. LEWIS. Mr. Chairman, that is twice what it is on the public lands.

Mr. JENSEN. That is right. I must compliment the Park Service for asking for twice as much as the Bureau of Public Lands asked. They asked for less than a penny an acre. Do you feel that you can conserve the soil on those public lands in the manner in which it should be conserved at 2 pennies an acre?

Mr. TOLSON. No, sir.

Mr. JENSEN. I am sure you cannot. You could not conserve it at the rate of conservation that should be carried on for 10 times that amount. There again we have a problem in appropriating the amount of funds that would be justified when you have a lot of other great programs going on. These cost billions upon billions, so I suppose until the time comes that those appropriations can be reduced, we will have to let our most precious thing we have in the world be destroyed. That is our soil.

Mr. LEWIS. I was going to comment merely, Mr. Chairman, that there are certain people who are extremely interested in parks and who devote considerable time and effort to the parks that would not believe in soil conservation in the parks because it would change the natural characteristics of them.

Mr. JENSEN. If anybody ever mentions that to you, you take them right to the health officer and see what is wrong with their heads. You tell them I said so because there must be something radically wrong with their heads.

Without a doubt there are plenty of folks that feel that way just like the anthropologists who want to keep the Indians in the original state so that the people can go there and look at them like they would look at the animals in the zoo.

Mr. WIRTH. Mr. Chairman, may I add one thing, as long as we got into this? With this money we would not intend to stop the Grand Canyon or the Bryce Canyon from eroding or anything like that. What we use our money for is the erosion that has set in on our lands, many of them prior to the establishment of the park, due to grazing and also to the tremendous impact of the people on these lands, which is causing a certain type of erosion and is causing pollution of streams and things of that sort.

Mr. JENSEN. How about the people who own property adjacent to the public parks? A great gully forms in a park and flows down through the public land and the owner of that land is completely helpless in controlling and conserving his soil.

I hope the day will soon come when we can properly spend a lot more money in conserving our soil, and I don't believe even today, under present circumstances, that we can justify spending just a penny or two an acre to conserve the soil on our public domain, such as the land that is under control of the Bureau of Land Management, the Forest Service, the Indian Service, and the National Park Service.

FRIDAY, JANUARY 29, 1954.

RIVER BASIN STUDIES

Mr. JENSEN. You are requesting $347,600 for river-basin studies. How much has gone into this work so far, how much will it ultimately cost, and when will any of it be completed?

Mr. WIRTH. Mr. Chairman, may I ask Mr. R. F. Lee who handles that work to answer your question? He has the details on it.

Mr. JENSEN. That will be perfectly all right.

Mr. LEE. Well, sir, I believe we will have to check, to give you a figure as to the total amount that has been spent on his activity since the studies were initiated. We would be very glad to furnish that information.

Regarding the completion of studies, the New York-New England studies is one of the river-basin studies, and it is scheduled to be finished on June 30, 1955.

Mr. JENSEN. Will you tell us what river basins you are studying in the New York-New England study?

Mr. LEE. The New York-New England study is a general recreational study of 28 subbasins in the New York-New England area.

Mr. JENSEN. That is quite an extensive study.

Mr. LEE. Yes, sir; it is.

Mr. JENSEN. Who requested you to make that study?

Mr. LEE. This study was requested by the President.

Mr. JENSEN. By President Eisenhower?

Mr. LEE. It was requested initially by President Truman, and the request has been resumed this year. The Bureau of the Budget has earmarked a portion of this appropriation for the completion of the New York-New England study.

Mr. JENSEN. Was it done in cooperation with this power study which Mr. Leo Olds was making?

Mr. LEE. I think there are about 11 Federal agencies participating in the study, sir, and I think Mr. Olds is one of the group

Mr. JENSEN. How much has been expended for this work, so far?

Mr. LEE. Are you speaking, sir, of the whole river-basin study activity?

Mr. JENSEN. That is right.

Mr. LEE. I do not have that figure, sir, here; we will have to furnish it to you, if we may.

Mr. JENSEN. All right; you can insert it for the record.

Mr. WIRTH. Do you want it by basins?

Mr. JENSEN. By basins; yes, so as to give us a clear picture.

(The information is as follows:)

Appropriations and allocations for river basin studies, by fiscal years [1]

Purpose	1947	1948	1949	1950	1951	1952	1953	1954	1955	Total
Appropriations:										
Recreation plans and surveys:										
Arkansas-White-Red River Basins					[2] $20,000	$38,765	$78,750	$81,000	[3] $28,751	$247,266
New England-New York area					2,500	18,975	50,355	49,000	[3] 28,749	149,579
Various other basins		$94,000	$101,254	$117,800	120,542	125,014	143,575	142,680	290,100	1,134,965
Subtotals, recreation plans and surveys		94,000	101,254	117,800	[2] 143,042	182,754	272,680	272,680	347,600	1,531,810
Historical and archeological surveys and salvage:										
Arkansas-White-Red River Basins					4,000	4,000	3,585	3,200	7,400	22,185
New England-New York area										
Various other basins		27,000	64,000	64,000	71,000	49,917	60,355	58,680	138,630	533,582
Subtotal, history and archeology		27,000	64,000	64,000	75,000	53,917	63,940	61,880	146,030	555,767
Total, appropriated funds		121,000	165,254	181,800	[2] 218,042	236,671	336,620	334,560	493,630	2,087,577
Allocations from Bureau of Reclamation for studies in the Missouri River Basin:										
Recreation plans and surveys	$107,000	97,000	136,100	154,400	177,970	125,000	135,000	95,000		1,027,470
Historical and archeological surveys and salvage	43,000	53,000	88,900	220,600	222,030	175,000	165,000	95,000		1,062,530
Subtotal, Missouri River Basin	150,000	150,000	225,000	375,000	400,000	300,000	300,000	190,000		2,090,000
Grand totals, appropriated and allocated funds	150,000	271,000	390,254	556,800	618,042	536,671	636,620	524,560	493,630	4,177,577

[1] Amounts shown do not include working-fund advances for various project studies for other agencies.
[2] In addition, $10,000 transferred from other activities for purposes of Arkansas, White, and Red River Basin studies.
[3] Includes $2,500 for printing report on survey.

Mr. WIRTH. I might say that the New England-New York study will be in its last year in 1955. We have appropriations for that study, and we should finish it up by June 30, 1955. The same thing is true regarding the Arkansas-White-Red River Basin studies. This appropriation is focused on completing it by June 30, 1955, or at the end of the fiscal year.

Mr. JENSEN. Can you tell us now when you propose to conclude all of the river-basin studies? Do you have any idea about that?

Mr. WIRTH. Some of them are continuous studies. The Missouri River Basin is a continuous one.

Mr. JENSEN. You cannot tell what the ultimate cost of these river-basin studies will be, actually?

Mr. WIRTH. No, sir; in the Missouri River Basin and the Columbia River Basin there is a constant land-use study, and we are going ahead with an overall program.

The Arkansas-White-Red and the New England-New York is an advance study considering proposed work in those areas, and there are several agencies of Government involved. They are coming out with a joint report on what it consists of.

Mr. JENSEN. I wonder why these studies cannot be made in these river basins that are being developed after the people have moved in, and have an opportunity to express their opinion in regard to what kind of recreation they want?

Mr. WIRTH. I might say that in the New England-New York study, and in the Arkansas-Red-White, there is no study from the standpoint of Federal areas involved there, but we are studying it in conjunction with the States and are trying to bring them together for a cooperative plan as to what area would be used for recreation. That would all be State or local areas, and there would be no Federal areas that we know of in there. We are operating, more or less, under the Parkway Recreation Study Act.

STATE ADVISORY SERVICE

Mr. JENSEN. Is it necessary to keep 11 people engaged in advising States on park matters at a cost of $86,000 annually?

Mr. WIRTH. Mr. Chairman, I think that is, perhaps, one of the biggest dividends we get, because by working with the States on that, we are in a position to help and encourage them to take on the recreational program and ward off the pressures to bring more areas into the national park system.

We are constantly being pressed to take on more and more areas. I think we turned down at least 99 out of 100 each year, and this is one of our means of working with the States to get them interested in their areas that are of local interest, and get them to help carry the load.

I think it is very important, sir.

Mr. JENSEN. Do you have a number of specialists who travel around?

Mr. WIRTH. In this particular field?

Mr. JENSEN. In the Park Service? Do you not have what is commonly referred to as roving overseers?

Mr. WIRTH. Do you mean in the technical field?

Mr. JENSEN. In some branch of your National Park Service?

Mr. WIRTH. In our regional office, we have biologists, historians, and in some places archeologists where we need them, in our own areas. It is not wise to have them in all the areas, because they are not needed there full time.

They can go from one place to the other as they are needed in the biological field and the archeological and historical fields. The same thing will be true of our central design and construction program. There will be two groups, and they will move in on construction problems in the various parks, as needed.

Mr. JENSEN. You will shift them from place to place?

Mr. WIRTH. That is right; where the workload is present. Now, if you mean, do we have roving people going around outside of our park construction work, or outside of our park management, the answer is "No." These people are called on by the States for advice on State park work. We are not out promoting anything or making public speeches or propagandizing of any kind whatsoever.

Mr. JENSEN. Under the heading "Park and recreational programs," you have $75,000 for natural history programs.

Is this not a function that is included in the guides and visitors service item in your table on page 7 of the justifications?

Mr. WIRTH. That is the program which I just referred to. That is the program of having these people to move around from one place to the other, where the workload is needed, and where the help is needed to carry on the workload.

AUDITING PROGRAM

Mr. JENSEN. The General Accounting Office does some auditing, I presume, for you; do they not?

Mr. TOLSON. The General Accounting Office does not do any commercial auditing, as such, for the National Park Service. It has certain auditing functions of its own which do not overlap the work done by the bureaus of the Federal Government. Each bureau, under the Accounting Act of 1950, is required to do its own auditing work.

Mr. JENSEN. I see. Does the General Accounting Office give you a cursory audit annually?

Mr. TOLSON. No; it does not provide that service.

Mr. JENSEN. It does not?

Mr. TOLSON. No, sir. It has a staff, as I understand it, that makes investigative audits to determine whether or not the Government is getting the money to which it is entitled under contracts of various kinds.

Mr. WIRTH. It is sort of a spot-check audit.

Mr. TOLSON. Yes; it is a spot-check operation which is conducted by the General Accounting Office.

Mr. JENSEN. You are requesting $164,540 to employ 28 people in your auditing branch.

Mr. TOLSON. Yes; that is the staff, Mr. Jensen, which we have now. It is not for an increased staff. These 28 people are engaged in auditing the accounts and records of the concessioners doing business in the areas administered by the National Park Service.

Mr. JENSEN. I see.

Mr. TOLSON. It includes, of course, auditors, public accountants, and stenographers.

MAINTENANCE AND REHABILITATION OF PHYSICAL FACILITIES

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$8,003,370	$8,300,000	$8,850,000
Reimbursements from non-Federal sources	24,472	106,409	107,980
Reimbursements from other accounts	1,605,297	1,522,440	1,557,875
Total available for obligation	9,633,139	9,928,849	10,515,855
Unobligated balance, estimated savings	−9,255		
Obligations incurred	9,623,884	9,928,849	10,515,855

NOTE.—Reimbursements from non-Federal sources above are from the proceeds of sale of personal property (40 U. S. C. 481 (c)); for providing financial assistance for local educational agencies in areas affected by Federal activities (20 U. S. C. 1946 ed. Supp. V, secs. 236-244); and for furnishing all types of utility services to concessionaires, contractors, permittees, or other users of such services (act of Aug. 8, 1953, Public Law 230).

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
Direct Obligations			
Appropriated funds:			
1. Roads and trails	$4,134,343	$4,238,000	$4,350,000
2. Buildings, utilities, and other facilities	3,859,772	4,062,000	4,500,000
Total obligations from appropriated funds	7,994,115	8,300,000	8,850,000
Reimbursements from non-Federal sources:			
3. Assistance to local educational agencies	1,375	1,494	1,494
4. Replacement of personal property sold	17,455	16,315	18,300
5. Sales of utility services	5,642	88,600	88,186
Total obligations payable out of reimbursements from non-Federal sources	24,472	106,409	107,980
Total direct obligations	8,018,587	8,406,409	8,957,980
Obligations Payable Out of Reimbursements From Other Accounts			
1. Roads and trails	157,380	94,500	98,000
2. Buildings, utilities, and other facilities	1,447,917	1,427,940	1,459,875
Total obligations payable out of reimbursements from other accounts	1,605,297	1,522,440	1,557,875
Obligations incurred	9,623,884	9,928,849	10,515,855

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Summary of Personal Services			
Total number of permanent positions	1,118	1,151	1,178
Full-time equivalent of all other positions	636	619	700
Average number of all employees	1,606	1,648	1,779
Average salaries and grades:			
General schedule grades:			
Average salary	$4,681	$4,713	$4,720
Average grade	GS–6.9	GS–6.9	GS–6.9
Crafts, protective, and custodial grades:			
Average salary	$3,400	$3,399	$3,397
Average grade	CPC–5.0	CPC–5.0	CPC–5.0
Ungraded positions: Average salary	$3,361	$3,559	$3,661
Personal service obligations:			
Permanent positions	3,512,153	3,859,130	4,046,878
Other positions	1,960,192	1,881,733	2,132,820
Regular pay in excess of 52-week base	13,560	14,900	15,732
Payment above basic rates	150,343	115,033	112,411
Total personal service obligations	5,636,248	5,870,796	6,307,841
Direct Obligations			
Appropriated funds:			
01 Personal services	5,022,664	5,224,871	5,632,606
02 Travel	69,831	95,599	80,788
03 Transportation of things	46,044	51,687	48,615
04 Communication services	14,778	17,753	18,787
05 Rents and utility services	151,371	231,226	255,129
06 Printing and reproduction	3,263	5,205	8,095
07 Other contratual services	594,959	660,561	730,101
Services performed by other agencies	41,105	33,620	33,620
08 Supplies and materials	1,402,664	1,385,883	1,514,476
09 Equipment	595,497	547,637	487,584
10 Lands and structures	8,714	6,500	500
13 Refunds, awards, and indemnities	5,301	525	
15 Taxes and assessments	37,924	38,933	39,699
Total obligations from appropriated funds	7,994,115	8,300,000	8,850,000
Reimbursements from non-Federal sources:			
05 Rents and utility services	5,642	88,600	88,186
07 Other contractual services	1,375	1,494	1,494
09 Equipment	17,455	16,315	18,300
Total obligations payable out of reimbursements from non-Federal sources	24,472	106,409	107,980
Total direct obligations	8,018,587	8,406,409	8,957,980
Obligations Payable Out of Reimbursements From Other Accounts			
01 Personal services	613,584	645,925	675,235
02 Travel	20,376	11,299	9,799
03 Transportation of things	10,747	8,924	8,651
04 Communication services	1,696	1,567	1,530
05 Rents and utility services	125,513	44,916	43,085
06 Printing and reproduction	13,685	160	210
07 Other contractual services	74,107	55,656	53,570
08 Supplies and materials	690,010	696,252	739,021
09 Equipment	52,770	53,846	22,826
10 Lands and structures	17		
15 Taxes and assessments	2,792	3,895	3,948
Total obligations payable out of reimbursements from other accounts	1,605,297	1,522,440	1,557,875
Obligations incurred	9,623,884	9,928,849	10,515,855

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year	$1,313,892	$1,333,599	$1,308,599
Adjustment in obligations of prior years	131,755		
Obligations incurred during the year	9,623,884	9,928,849	10,515,855
	11,069,531	11,262,448	11,824,454
Deduct:			
Reimbursements	1,629,769	1,628,849	1,665,855
Unliquidated obligations, end of year	1,333,599	1,308,599	1,358,599
Total expenditures	8,106,163	8,325,000	8,800,000
Expenditures are distributed as follows:			
Out of current authorizations	6,675,841	7,000,000	7,500,000
Out of prior authorizations	1,430,322	1,325,000	1,300,000

Mr. JENSEN. We will next turn to maintenance and rehabilitation of physical facilities.

During fiscal year 1954 you had $8,300,000 to use for that purpose, and you are asking for $8,850,000 for fiscal year 1955, which is an increase of $550,000.

ROAD MAINTENANCE

In view of the survey orders concerning road maintenance, some of the $4,350,000 requested for this purpose should not be needed.

I would like to read a paragraph in your survey report which appears on page 2, paragraph 10:

> To develop an effective program in accord with section B–4 to transfer responsibility to the States for the maintenance of all parkways and roads except where the nature of the system justifies continued National Park Service responsibility.

Of course, the reason they made that recommendation was the fact that the National Park Service is maintaining some State roads, and possibly some Federal roads, which should not, by any stretch of the imagination, be called National Park Service roads.

You have a number of miles of roads outside of the boundaries of the national parks for which you expend approximately $116,000 for maintenance each year.

TRANSFER OF CERTAIN ROADS TO STATES

Mr. WIRTH. Mr. Chairman, there are certain approach roads to the parks which were built under the Approach Road Act, which we are maintaining, and which we would like very much to dispose of, if we possibly could. One, which I think would be familiar to you, is the road from Red Lodge to Cooke City, the Northeast approach road to Yellowstone National Park. It was built a number of years ago under the Approach Road Act. That road goes through Government property. It starts in Montana, and goes to Wyoming, and then goes into the park, with no connection with roads other than coming from Montana through Wyoming to the approach road to Red Lodge.

We have tried on several occasions to dispose of some of these roads to the States, but have been unsuccessful. Until such time as we are successful, we still have to maintain them.

Mr. JENSEN. Of course, it is very natural that the States would like to have the National Park Service continue to maintain these

roads. I think the only way you will ever get the States to take them over is simply to say that the National Park Service will not in the future maintain these roads.

Off the record.

(Discussion off the record.)

Mr. WIRTH. We have a few other roads here that we are trying to turn over to the States, which are approach roads. For instance, the approach road to Cedar Breaks, which we built on Government property. We did not build it until we had an agreement with the State and we are just about finished up with that road, and we will turn it over to the State and get rid of its maintenance.

We are trying to get rid of a road down at Vicksburg, to the city of Vicksburg, but we are having trouble on it.

We hope to turn it over to the city. That is the Shiloh approach road, which we inherited from the Army.

Mr. TOLSON. The length of that road is 17 miles.

Mr. WIRTH. We cannot get them to take it over, unless we put it in shape so they will maintain it. We had an estimate of $150,000 to do it some time ago, but then the State would not settle. We have two States to deal with, Tennessee and Mississippi. It would have taken more money than we had, around $400,000, and we had to drop it. We could not handle it.

We are getting rid of a road at Chickamauga-Chattanooga National Military Park. We have gotten the city of Chattanooga to take care of that one.

BALTIMORE-WASHINGTON PARKWAY

Mr. JENSEN. In regard to the Baltimore-Washington Parkway, you are asking for $67,077, to maintain that road.

Is that needed?

Mr. WIRTH. We need it as long as we have it, sir, and I have been instructed by the Department to negotiate with the State to dispose of it, but it is going to take a little while. They will have to have legislation in order to take it over. We are working with the State now. Our plans have appeared in the papers, and they know what we are doing, but I have not had an opportunity to actually go and call on them and determine whether they will agree on legislation and accept it. They will need State legislation, and we will need Federal legislation to do it.

Mr. JENSEN. That is the new road.

Mr. WIRTH. That is the new road, and, in fact, it is not quite open yet.

You see, it was built during the time of the war, as a defense project, which made direct connection out of Washington to Fort Meade, and connected with Baltimore.

Mr. JENSEN. Is that a concrete road?

Mr. WIRTH. Yes, sir; it is, and here is a photograph of the road if you would like to see it.

Mr. JENSEN. Why would you need to spend as much money as that to maintain a brandnew road?

Mr. WIRTH. Well, this involves the post construction, which is really the most expensive part of it.

Mr. JENSEN. What do you mean by post construction?

Mr. WIRTH. What we call post construction is when your road is just built and you have the settling, and you have the problem of shoulders and grassing, and things like that to come along. and that comes in under that picture of road maintenance, and banks.

Mr. JENSEN. Do you grass the banks?

Mr. WIRTH. We have to do that.

Here is the condition of some of the banks, as you can see from the photograph, which we are working on.

Mr. GARTSIDE. Mr. Chairman, all of this maintenance request is for grounds other than the road slab itself. This is work involving the side slopes, to try to stabilize them. The erosion problems are bad, as you can see from the photograph.

Mr. WIRTH. The first 2 or 3 years after the road is built is usually when you run into the most expensive maintenance of the road shoulders and the banks. Here, for instance, is what happens if we do not get sod and get it down before it washes out on us. That is our shoulder problem on our Baltimore-Washington Parkway.

Mr. JENSEN. Your facilities and the maintenance requests are the same for each area as last year, except for one. Is this request made up on a formula basis, or does it reflect actual need?

Mr. WIRTH. It reflects actual field study need based on the field studies.

PROGRAM SUMMARY BY AREAS AND ACTIVITIES

Mr. JENSEN. We will insert into the record pages 122 and 123 of the justification showing the amounts programed for each park, monument or area?

Mr. TOLSON. That is in the justifications, Mr. Chairman, on pages 122 and 123.

(The matter referred to is as follows:)

Distribution by appropriations and activities of the 1955 fiscal year budget estimates, by areas and offices affected

Area or office	Management and protection						Maintenance and rehabilitation of physical facilities			
	Management of park and other areas	Forestry and fire control	Soil and moisture conservation	Park and recreation programs	Concessions management	Total	Roads and trails	Buildings, utilities, etc.	Rehabilitation	Total
Abraham Lincoln	$9,810					$9,810	$335	$9,964	$400	$10,699
Acadia	55,033	$4,200				59,233	22,475	26,598	14,000	63,073
Adams	12,575					12,575	200	7,850		8,050
Andrew Johnson	11,149					11,149	305	4,896		5,201
Angel Island							5,000			5,000
Antietam	9,784					9,784	920	7,232	1,900	10,052
Appomattox Courthouse	12,111					12,111	900	6,186		7,086
Bandelier	22,833	3,580				26,413	17,500	7,000	3,100	27,600
Big Bend	60,097	5,500	$1,600			67,197	120,200	33,269	7,800	161,269
Big Hole Battlefield	1,765					1,765	100	550		650
Black Canyon of the Gunnison	4,648					4,648	5,000	400		5,400
Black Hills areas	133,659	2,113	2,000			137,772	72,800	38,509	3,800	115,109
Blue Ridge Parkway	229,337	7,061	3,000			239,398	188,175	122,792	14,000	324,967
Cabrillo	5,628					5,628		4,541		4,541
Cape Hatteras	105,000	5,000				110,000	9,300	90,050	11,000	110,350
Capitol Reef	6,904	20				6,924	4,000	1,500		5,500
Carlsbad Caverns	182,327	500				182,827	19,200	57,538	2,500	79,238
Castillo de San Marcos and Fort Matanzas	50,535					50,535	1,165	7,124		8,289
Cedar Breaks	2,830	100				2,930	3,500	1,000		4,500
Chalmette	9,964					9,964	870	9,625		10,495
Channel Islands	4,310					4,310		500		500
Chickamauga-Chattanooga	51,314					51,314	10,500	24,473		34,973
Colonial and Yorktown	84,464	600				85,064	12,805	37,519		50,324
Colorado	18,392	350				18,742	23,600	4,845	1,800	30,245
Coulee Dam	45,085	500				45,585	2,100	21,203		23,303
Cowpens	180					180		73		73
Crater Lake	108,121	6,498				114,619	123,600	59,639	3,750	186,989
Craters of the Moon	12,554					12,554	7,100	1,750		8,850
Cumberland Gap	25,000	4,600				30,600	11,700	19,000		30,700
Custer Battlefield	14,432					14,432	7,000	9,500		16,500
Death Valley	47,458					47,458	73,300	22,671	5,200	101,171
De Soto	9,644					9,644	505	3,890		4,395
Devil Postpile							400			400
Dinosaur	29,205	4,410				33,615	34,000	2,900		36,900
Effigy mounds	10,874	25	500			11,399	1,300	3,200		4,500
Everglades	105,365	30,164	750			136,279	25,890	35,644		61,534
Fort Caroline							2,450			2,450
Fort Donelson	7,315					7,315	820	5,648		6,468
Fort Frederica	5,564					5,564	565	5,806	1,500	7,871

Fort Frederica	5,564					5,564	565	5,806	1,500	7,871
Fort Jefferson	6,123					6,123	150	15,147		15,297
Fort Laramie	9,757					9,757	200	6,100	9,100	15,400
Fort McHenry	23,962					23,962	1,150	8,605	35,000	44,755
Fort Necessity	7,590					7,590	25	4,823		4,848
Fort Pulaski	12,975					12,975	2,660	7,074		9,734
Fort Raleigh	11,680					11,680	250	1,700	1,650	3,600
Fort Sumter	22,488					22,488	100	7,575		7,675
Fort Vancouver	10,817					10,817	200	6,974		7,174
Fredericksburg and Spotsylvania	38,641					38,641	5,460	16,633		22,093
George Washington Birthplace	20,375					20,375	810	8,025		8,835
George Washington Carver	11,746					11,746	1,200	4,000		5,200
Gettysburg	53,728					53,728	12,595	37,264		49,859
Glacier	252,177	41,596				293,773	280,000	122,979	27,600	430,579
Grand Canyon:										
National Monument	4,985	100				5,085		400		400
National Park	184,857	8,822				193,679	115,600	59,724	20,000	195,324
Grand Teton	99,440	9,490				108,930	155,000	34,361	7,750	197,111
Great Sand Dunes	6,839	20				6,859	2,200	550		2,750
Great Smoky Mountains	170,869	29,955				200,824	150,605	61,557	8,000	220,162
Guilford Courthouse	9,653					9,653	970	7,846		8,816
Hampton							890	5,600	19,400	25,890
Harpers Ferry	13,000	1,000				14,000	8,200	2,500		10,700
Hawaii	117,708	1,053				118,761	55,000	28,974	14,450	98,424
Homestead	8,457					8,457	1,000	1,750		2,750
Hopewell Village	16,045					16,045	860	8,353		9,213
Hot Springs	69,082	250				69,332	14,500	79,578		94,078
Hovenweep	1,058					1,058	500			500
Independence	149,166					149,166	1,420	73,418		74,838
Isle Royale	48,673	3,650				52,323	10,000	42,478	17,300	69,778
Jefferson National Exposition Memorial	48,302					48,302		27,600	35,000	62,600
Joshua Tree	19,480	5,235				24,715	25,100	2,012		27,112
Katmai	4,206					4,206				
Kennesaw Mountain	21,126					21,126	1,160	6,416		7,576
Kings Mountain	15,905					15,905	1,355	3,405	3,100	7,860
Lake Mead	125,710	2,000				127,710	66,250	54,839	1,800	122,889
Lassen Volcanic	83,487	10,490				93,977	62,700	40,402	6,200	109,302
Lava Beds	14,074	4,470				18,544	22,000	3,745		25,745
Lehman Caves	7,835	100				7,935	1,000	3,900		4,900
Mammoth Cave	158,885	12,704	750			172,339	38,100	26,923	2,800	67,823
Manassas	15,010					15,010	870	7,368		8,238
Mesa Verde	85,255	2,598				87,853	64,800	32,937	21,000	118,737
Millerton Lake	30,751	410				31,161	6,000	22,935		28,935
Moores Creek	4,910					4,910	170	4,263		4,433
Morristown	64,686					64,686	2,640	17,715	4,300	24,655
Mound City group	9,201					9,201	370	3,537	650	4,557
Mount McKinley	53,212					53,212	81,300	31,490		112,790
Mount Rainier	176,945	12,720				189,665	290,900	86,470	19,500	306,870
Muir Woods	20,238					20,238	800	5,110		5,910
Natchez Trace areas	115,126	5,403	1,750			122,279	99,455	86,130		185,585
Ocmulgee	29,597					29,597	1,470	4,111		5,581
Olympic	157,773	16,790				174,563	161,620	48,672	6,500	216,792
Oregon Caves	3,625	75				3,700	6,600	1,152		7,752
Organ Pipe Cactus	15,004	100				15,104	9,000	1,450	1,700	12,150

Distribution by appropriations and activities of the 1955 fiscal year budget estimates, by areas and offices affected—Continued

Area or office	Management and protection						Maintenance and rehabilitation of physical facilities			
	Management of park and other areas	Forestry and fire control	Soil and moisture conservation	Park and recreation programs	Concessions management	Total	Roads and trails	Buildings, utilities, etc.	Rehabilitation	Total
Perry's Victory	$11,352					$11,352	$150	$5,465		$5,815
Petersburg and Poplar Grove	25,490					25,490	5,105	8,527	$10,000	23,632
Petrified Forest	65,287	$100	$1,000			66,387	15,850	6,459	2,500	24,809
Pinnacles	13,729	1,435				15,164	2,100	2,120		4,220
Pipe Spring	3,312					3,312	500	550	1,000	2,050
Pipestone	7,597					7,597	600	1,500		2,100
Platt	33,289	300				33,589	12,400	16,452	12,000	40,852
Richmond	10,154					10,154	3,160	7,210		10,370
Rocky Mountain	165,719	6,263				171,982	87,000	45,816	11,350	144,166
Roosevelt-Vanderbilt	163,499					163,499	4,060	51,268	1,200	56,528
St. Croix Island							850	2,000		2,850
Saguaro	16,079	3,700				19,779	9,000	1,650	1,700	12,350
Salem Maritime	15,518					15,518	175	7,382	3,000	10,557
San Juan	52,000					52,000		1,900		1,900
Saratoga	19,796					19,796	1,305	7,098	35,000	43,403
Scotts Bluff	22,215		500			22,715	2,000	2,700		4,700
Sequoia-Kings Canyon	233,956	35,656	2,250			271,862	221,500	105,954	15,900	343,354
Shadow Mountain	30,250					30,250	1,800	6,278		8,078
Shenandoah	127,409	14,915				142,324	64,705	58,789	3,000	126,494
Shiloh	33,044					33,044	8,505	22,370		30,875
Sitka-Glacier Bay	18,437					18,437	500	2,260		2,760
Southwestern National Monument	232,060	2,100	2,500			236,660	81,520	18,850	54,500	154,870
Statute of Liberty areas	132,074					132,074	2,065	70,754	4,000	76,819
Stones River	4,637					4,637	240	5,548		5,788
Theodore Roosevelt	36,148	3,015				39,163	20,500	14,790		35,290
Timpanogos Cave	9,623	100				9,723	1,200	3,000		4,200
Verendrye								150		150
Vicksburg	35,788		2,000			37,788	16,645	24,777		41,422
Virgin Islands								850		850
White Sands	21,804	100				21,904	5,000	6,865		11,865
Whitman	7,423					7,423	780	990		1,770
Wright Brothers National Memorial	15,778					15,778	1,220	5,477	6,000	12,697
Yellowstone	450,123	34,641				484,764	530,000	202,833	15,200	748,033
Yosemite	322,370	22,404	2,250			347,024	293,400	228,303	12,500	534,203
Yucca House	480					480				
Zion and Bryce Canyon	121,060	3,519	1,500			126,079	81,680	29,610	6,600	117,890
Zion National Monument							3,000			3,000

National Capital Parks	1,080,500					1,080,500	190,000	825,000	63,500	1,078,500
Region 1 office		59,247	7,750	$129,818	$11,090	207,905	33,000		29,275	62,275
Region 2 office		19,957	7,200	173,529	8,900	209,577	37,500		21,775	59,275
Region 3 office		19,893	7,900	129,202	11,995	168,990	35,000		21,775	56,775
Region 4 office		20,468	500	239,657	8,900	269,525	35,000		21,775	56,775
Washington office		46,935	4,300	314,803	230,115	596,153	56,000		39,900	95,900
Museum laboratory									70,000	70,000
Printing and binding	96,500					96,500				
Fighting forest fires		100,000				100,000				
Advances to Public Health Service								30,000		30,000
Advances to Bureau of Public Roads										
Total	7,803,000	639,000	50,000	987,000	271,000	9,750,000	4,350,000	3,703,000	797,000	8,850,000

Distribution by appropriations and activities of the 1955 fiscal year budget estimates, by areas and offices affected—Continued

Area or office	Construction					General administrative expenses			Grand total
	Parkways	Roads and trails	Buildings, utilities, etc.	Acquisition of lands and water rights	Total	Departmental expenses	Regional office expenses	Total	
Abraham Lincoln									$20,509
Acadia		$250,000	$75,800		$325,800				448,106
Adams									20,625
Andrew Johnson									16,350
Angel Island									5,000
Antietam									19,836
Appomattox Courthouse									19,197
Bandelier		1,800			1,800				55,813
Big Bend		78,700	195,400	$20,000	294,100				522,566
Big Hole Battlefield									2,415
Black Canyon of the Gunnison									10,048
Black Hills areas			58,800		58,800				311,681
Blue Ridge Parkway	$184,750				184,750				749,115
Cabrillo									10,169
Cape Hatteras			50,000		50,000				270,350
Capitol Reef									12,424
Carlsbad Caverns		125,000	1,500,000		1,625,000				1,887,065
Castillo de San Marcos and Fort Matanzas				3,000	3,000				58,824
Cedar Breaks									10,430
Chalmette									20,459
Channel Islands									4,810
Chickamauga-Chattanooga			36,200		36,200				122,487
Colonial and Yorktown				25,000	25,000				160,388
Colorado			7,100		7,100				56,087
Coulee Dam			50,600		50,600				119,488
Cowpens									253
Crater Lake		226,200	88,000		314,200				615,808
Craters of the Moon									21,404
Cumberland Gap									61,300
Custer Battlefield									30,932
Death Valley									148,629
De Soto									14,039
Devil Postpile									400
Dinosaur									70,515
Effigy mounds									15,899
Everglades		94,400	203,500		297,900				495,713
Fort Caroline									2,450
Fort Donelson									13,783
Fort Frederica									13,435
Fort Jefferson									21,420

Fort Laramie									25,157
Fort McHenry									68,717
Fort Necessity									12,438
Fort Pulaski									22,709
Fort Raleigh									15,280
Fort Sumter									30,163
Fort Vancouver									17,991
Fredericksburg and Spotsylvania									60,734
George Washington Birthplace									29,210
George Washington Carver									16,946
Gettysburg				25,000	25,000				128,587
Glacier		403,900	34,600	70,000	508,500				1,232,852
Grand Canyon:									
National Monument									5,485
National Park		284,300			284,300				673,303
Grand Teton		497,500	239,600		737,100				1,043,141
Great Sand Dunes									9,609
Great Smoky Mountains		132,100	172,600		304,700				725,686
Guilford Courthouse									18,469
Hampton									25,890
Harpers Ferry									24,700
Hawaii									217,185
Homestead									11,207
Hopewell Village									25,258
Hot Springs									163,410
Hovenweep									1,558
Independence									224,004
Isle Royale			21,800		21,800				143,901
Jefferson National Exposition Memorial									110,902
Joshua Tree			32,400	19,500	51,900				103,727
Katmai									4,206
Kenesaw Mountain									28,702
Kings Mountain									23,765
Lake Mead									250,599
Lassen Volcanic									203,279
Lava Beds			27,100		27,100				71,389
Lehman Caves									12,835
Mammoth Cave		1,100			1,100				241,262
Manassas									23,248
Mesa Verde									206,590
Millerton Lake									60,096
Moores Creek									9,343
Morristown									89,341
Mound City group									13,758
Mount McKinley		250,000	75,900		325,900				491,902
Mount Rainier		316,300	38,100		354,400				850,935
Muir Woods									26,148
Natchez Trace areas	115,000				115,000				422,864
Ocmulgee									35,178
Olympic			139,500		139,500				530,855
Oregon Caves									11,452
Organ Pipe Cactus				3,500	3,500				30,754
Perry's Victory									17,167

Distribution by appropriations and activities of the 1955 fiscal year budget estimates, by areas and offices affected—Continued

Area or office	Construction					General administrative expenses			Grand total
	Parkways	Roads and trails	Buildings, utilities, etc.	Acquisition of lands and water rights	Total	Departmental expenses	Regional office expenses	Total	
Petersburg and Poplar Grove									$49,122
Petrified Forest									91,196
Pinnacles									19,384
Pipe Spring									5,362
Pipestone									9,697
Platt									74,441
Richmond									20,524
Rocky Mountain			$129,400	$50,000	$179,400				495,548
Roosevelt-Vanderbilt									220,027
St. Croix Island									2,850
Saguaro									32,129
Salem Maritime									26,075
San Juan									53,900
Saratoga									63,199
Scotts Bluff			22,300		22,300				49,715
Sequoia-Kings Canyon		$106,300	35,400		141,700				756,916
Shadow Mountain									38,328
Shenandoah		309,000			309,000				577,818
Shiloh									63,919
Sitka-Glacier Bay		37,400	19,300		55,700				77,897
Southwestern National Monument		77,800	50,000		127,800				519,330
Statute of Liberty areas									208,893
Stones River									10,425
Theodore Roosevelt									74,453
Timpanogos Cave									13,923
Verendrye									150
Vicksburg									79,210
Virgin Islands									850
White Sands									33,769
Whitman									9,193
Wright Brothers National Memorial									28,475
Yellowstone		137,500	191,100		328,600				1,561,397
Yosemite		114,500	11,800	25,000	151,300				1,032,527
Yucca House									480
Zion and Bryce Canyon				15,900	15,900				259,869
Zion National Monument									3,000
National Capital Parks	$35,000	211,200	363,700		609,900				2,768,900
Region 1 office	21,800	23,000	51,000		95,800		$138,400	$138,400	504,380

Region 2 office		10,000	34,000		44,000		114,060	114,060	426,912
Region 3 office		26,000	20,000		46,000		105,900	105,900	377,665
Region 4 office		26,000	44,000		70,000		112,875	112,875	509,175
Washington office	48,450	20,000	33,000	18,100	119,550	$796,765		796,765	1,608,368
Museum laboratory			48,000		48,000				118,000
Printing and binding									96,500
Fighting forest fires									100,000
Advances to Public Health Service									30,000
Advances to Bureau of Public Roads	20,000	40,000			60,000				60,000
Total	425,000	3,800,000	4,100,000	275,000	8,600,000	796,765	471,235	1,268,000	28,468,000

Mr. JENSEN. In addition to that, place into the record the statement you have of appropriations, transferred funds and contributions. (The information requested is as follows:)

Statement of appropriations, transferred funds, and contributions

Appropriation and activity	Fiscal year 1954				Fiscal year 1955			
	Appropriations	Transferred funds	Contributions	Total	Estimate	Transferred funds	Contributions	Total
Management and protection:								
Management of park and other areas	$7,005,820		$9,775	$7,015,595	$7,803,000		$9,775	$7,812,775
Forestry and fire control	653,400	$461,000		1,114,400	639,000	$363,000		1,002,000
Soil and moisture conservation	91,200			91,200	50,000			50,000
Park and recreation programs	848,362			848,362	987,000			987,000
Concessions management	270,768			270,768	271,000			271,000
Total, management and protection	8,869,550	461,000	9,775	9,340,325	9,750,000	363,000	9,775	10,122,775
Maintenance and rehabilitation of physical facilities:								
Roads and trails	4,238,000			4,238,000	4,350,000			4,350,000
Buildings, utilities, and other facilities	4,062,000		1,585	4,063,585	4,500,000		1,585	4,501,585
Total, maintenance and rehabilitation	8,300,000		1,585	8,301,585	8,850,000		1,585	8,851,585
Construction:								
Parkways	3,816,300			3,816,300	425,000			425,000
Roads and trails	4,010,000			4,010,000	3,800,000			3,800,000
Buildings, utilities, and other facilities	4,050,000	2,000	90,225	4,142,225	4,100,000		90,225	4,190,225
Lands and water rights	3,540,000			3,540,000	275,000			275,000
Total, construction	15,416,300	2,000	90,225	15,508,525	8,600,000		90,225	8,690,225
General administrative expenses:								
Departmental expenses	796,765			796,765	796,765			796,765
Regional office expenses	471,235			471,235	471,235			471,235
Total, general administrative expenses	1,268,000			1,268,000	1,268,000			1,268,000
Subtotal	33,853,850	463,000	101,585	34,418,435	28,468,000	363,000	101,585	28,932,585
Payments to school districts, Office of Education (allocated working fund to Interior, National Park Service): Operation of Crater Lake National Park School		4,130		4,130		4,130		4,130
Educational expenses, children of employees, Yellowstone National Park: Educational facilities			21,814	21,814			23,966	23,966

Payment to State of Wyoming, in lieu of taxes on lands in Grand Teton and Yellowstone National Parks: Payment to State of Wyoming			25, 761	25, 761			25, 813	25, 813
National Park Service, donations: General purposes of National Park Service			20, 000	20, 000			20, 000	20, 000
National park trust fund:								
Appraisal of privately owned land within Grand Teton National Park			2, 127	2, 127				
General purposes of National Park Service			1, 984	1, 984			2, 614	2, 614
Total, National Park Service trust fund			4, 111	4, 111			2, 614	2, 614
Grand total	33, 853, 850	467, 130	173, 271	34, 494, 251	28, 468, 000	367, 130	173, 978	29, 009, 108

Statement of funds transferred to the National Park Service

Transferring agency and activity	1954	1955
Department of Agriculture:		
White pine blister rust control	$391,000	$293,000
Insect control	70,000	70,000
Subtotal	461,000	363,000
Department of Health, Education, and Welfare, Office of Education: Payment to school districts for operation of school for children of employees of Crater Lake National Park	4,130	4,130
Marine Corps troops and facilities (allocated working fund to Interior, National Park Service): Construction of museum exhibit	2,000	
Grand total	467,130	367,130

Statement of funds contributed to the National Park Service

Contributing agency and activity	1954	1955
Rental receipts from buildings, Independence National Historical Park:		
Management of buildings	$9,775	$9,775
Maintenance and rehabilitation of buildings	90,225	90,225
Subtotal	100,000	100,000
Visitor revenues, Yellowstone National Park: Educational facilities, children of employees of Yellowstone National Park	21,814	23,966
Visitor revenues, Grand Teton and Yellowstone National Parks: Payment to State of Wyoming for tax losses on lands in Grand Teton National Park	25,761	25,813
Interest from an endowment fund given by the Lincoln Farm Association: Preservation, birthplace of Abraham Lincoln	1,585	1,585
Donations by various individuals and organizations: General purposes of National Park Service	20,000	20,000
Interest on investment in U. S. Treasury bonds, and donations by various individuals and organizations to the National Park Trust Fund:		
Appraisal of privately owned lands, Grand Teton National Park	2,127	
General purposes of National Park Service	1,984	2,614
Subtotal	4,111	2,614
Grand total	173,271	173,978

Construction

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$15,030,410	$13,916,300	$8,600,000
Prior year balance available:			
Appropriation	5,536,522	8,072,182	2,197,953
Contract authorization	1,500,000		
Recovery of prior year obligations	172,581		
Reimbursements from non-Federal sources	671	3,500	3,500
Reimbursements from other accounts	19,843	54,500	54,500
Total available for obligation	22,260,027	22,046,482	10,855,953
Balance available in subsequent year (appropriation)	−8,072,182	−2,197,953	−388,783
Carried to surplus		−35	
Obligations incurred	14,187,845	19,848,494	10,467,170

NOTE.—Reimbursements from non-Federal sources above are from the proceeds of sale of personal property (40 U. S. C. 481 (c)).

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
Direct Obligations			
Appropriated funds:			
1. Parkways	$8,314,665	$4,899,076	$1,004,250
2. Roads and trails	3,673,513	6,323,747	4,285,607
3. Buildings, utilities, and other facilities	1,686,852	5,030,126	4,100,000
4. Acquisition of lands and water rights:			
(*a*) Lands	486,021	3,523,445	979,713
(*b*) Water rights	6,280	14,100	39,600
Total obligations from appropriated funds	14,167,331	19,790,494	10,409,170
Reimbursements from non-Federal sources:			
5. Replacement of personal property sold	671	3,500	3,500
Total direct obligations	14,168,002	19,793,994	10,412,670
Obligations Payable Out of Reimbursements From Other Accounts			
1. Parkways	7,576		
2. Roads and trails	8,813	36,370	36,370
3. Buildings, utilities, and other facilities	3,454	18,130	18,130
Total obligations payable out of reimbursements from other accounts	19,843	54,500	54,500
Obligations incurred	14,187,845	19,848,494	10,467,170

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
NATIONAL PARK SERVICE			
Summary of Personal Services			
Total number of permanent positions	171	186	188
Full-time equivalent of all other positions	164	246	215
Average number of all employees	302	416	385
Average salaries and grades:			
General schedule grades:			
Average salary	$4,681	$4,713	$4,720
Average grade	GS–6.9	GS–6.9	GS–6.9
Crafts, protective, and custodial grades:			
Average salary	$3,400	$3,399	$3,397
Average grade	CPC–5.0	CPC–5.0	CPC–5.0
Ungraded positions: Average salary	$3,361	$3,559	$3,661
Personal service obligations:			
Permanent positions	$715,014	$891,244	$908,250
Other positions	570,724	797,816	698,276
Regular pay in excess of 52-week base	2,759	3,427	3,527
Payment above basic rates	15,706	25,350	20,400
Total personal service obligations	1,304,203	1,717,837	1,630,453
Direct Obligations			
Appropriated funds:			
01 Personal services	1,303,127	1,692,837	1,605,453
02 Travel	96,202	100,000	84,500
03 Transportation of things	10,999	17,000	8,000
04 Communication services	9,360	10,000	8,500
05 Rents and utility services	176,206	287,000	170,000
06 Printing and reproduction	4,721	7,200	5,100
07 Other contractual services	737,686	948,922	688,500
08 Supplies and materials	311,555	450,000	369,572
09 Equipment	154,025	75,000	60,000
10 Lands and structures	9,883,057	14,738,761	6,561,545
13 Refunds, awards, and indemnities	135		
15 Taxes and assessments	7,388	9,000	8,000
Total obligations from appropriated funds	12,694,461	18,335,720	9,569,170
Reimbursements from non-Federal sources:			
09 Equipment	671	3,500	3,500
Total direct obligations	12,695,132	18,339,220	9,572,670

Obligations by objects—Continued

Object classification	1953 actual	1954 estimate	1955 estimate
NATIONAL PARK SERVICE—continued			
Obligations Payable Out of Reimbursements From Other Accounts			
01 Personal services	$1,076	$25,000	$25,000
02 Travel	490	2,500	2,500
03 Transportation of things	521		
04 Communication services	116		
05 Rents and utility services		5,000	5,000
07 Other contractual services	848		
08 Supplies and materials	12,699	17,500	17,500
09 Equipment	1,187	4,500	4,500
Total obligations payable out of reimbursements from other accounts	16,937	54,500	54,500
Obligations incurred	12,712,069	18,393,720	9,627,170
ALLOCATION TO BUREAU OF PUBLIC ROADS, DEPARTMENT OF COMMERCE			
Total number of permanent positions	183	182	182
Full-time equivalent of all other positions	87	87	42
Average number of all employees	245	238	142
Average salaries and grades:			
General schedule grades:			
Average salary	$4,681	$4,713	$4,720
Average grade	GS–6.9	GS–6.9	GS–6.9
Crafts, protective, and custodial grades:			
Average salary	$3,400	$3,399	$3,397
Average grade	CPC–5.0	CPC–5.0	CPC–5.0
Ungraded positions: Average salary	$3,361	$3,559	$3,661
Direct Obligations			
01 Personal services:			
Permanent positions	$689,593	$666,500	$443,200
Other positions	199,872	200,000	100,000
Regular pay in excess of 52-week base	3,224	3,000	1,800
Payment above basic rates	5,380	5,500	5,000
Total personal services	898,069	875,000	550,000
02 Travel	34,986	35,000	25,000
03 Transportation of things	3,837	4,000	2,500
04 Communication services	3,284	3,000	2,000
05 Rents and utility services	9,324	9,000	5,000
06 Printing and reproduction	6,799	7,000	4,000
07 Other contractual services	175,684	200,000	120,000
08 Supplies and materials	141,473	313,630	129,000
09 Equipment	1,409	2,000	
10 Lands and structures	512		
15 Taxes and assessments	3,300	4,000	2,500
Subtotal	1,278,677	1,452,630	840,000
Deduct charges for quarters and subsistence	2,853		
Total direct obligations	1,275,824	1,452,630	840,000
Obligations Payable Out of Reimbursements From Other Accounts			
08 Supplies and materials	2,906		
Obligations incurred	1,278,730	1,452,630	840,000
ALLOCATION TO GENERAL SERVICES ADMINISTRATION			
06 Printing and reproduction	383		
07 Other contractual services	7,208	1,078	
10 Lands and structures	189,455	1,066	
Obligations incurred	197,046	2,144	

Obligations by objects—Continued

Object classification	1953 actual	1954 estimate	1955 estimate
SUMMARY			
Summary of Personal Services			
Total number of permanent positions	354	368	370
Full-time equivalent of all other positions	251	333	257
Average number of all employees	547	654	527
Average salaries and grades:			
General schedule grades:			
Average salary	$4,681	$4,713	$4,720
Average grade	GS–6.9	GS–6.9	GS–6.9
Crafts, protective, and custodial grades:			
Average salary	$3,400	$3,399	$3,397
Average grade	CPC–5.0	CPC–5.0	CPC–5.0
Ungraded positions: Average salary	$3,361	$3,559	$3,661
Personal service obligations:			
Permanent positions	$1,404,607	$1,557,744	$1,351,450
Other positions	770,596	997,816	798,276
Regular pay in excess of 52-week base	5,983	6,427	5,327
Payment above basic rates	21,086	30,850	25,400
Total personal service obligations	2,202,272	2,592,837	2,180,453
Direct Obligations			
Appropriated funds:			
01 Personal services	2,201,196	2,567,837	2,155,453
02 Travel	131,188	135,000	109,500
03 Transportation of things	14,836	21,000	10,500
04 Communication services	12,644	13,000	10,500
05 Rents and utility services	185,530	296,000	175,000
06 Printing and reproduction	11,903	14,200	9,100
07 Other contractual services	920,578	1,150,000	808,500
08 Supplies and materials	453,028	763,630	498,572
09 Equipment	155,434	77,000	60,000
10 Lands and structures	10,073,024	14,739,827	6,561,545
13 Refunds, awards, and indemnities	135		
15 Taxes and assessments	10,688	13,000	10,500
Subtotal	14,170,184	19,790,494	10,409,170
Deduct charges for quarters and subsistence	2,853		
Total obligations from appropriated funds	14,167,331	19,790,494	10,409,170
Reimbursements from non-Federal sources:			
09 Equipment	671	3,500	3,500
Total direct obligations	14,168,002	19,793,994	10,412,670
Obligations Payable Out of Reimbursements From Other Accounts			
01 Personal services	1,076	25,000	25,000
02 Travel	490	2,500	2,500
03 Transportation of things	521		
04 Communication services	116		
05 Rents and utility services		5,000	5,000
07 Other contractual services	848		
08 Supplies and materials	15,605	17,500	17,500
09 Equipment	1,187	4,500	4,500
Total obligations payable out of reimbursements from other accounts	19,843	54,500	54,500
Obligations incurred	14,187,845	19,848,494	10,467,170

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year:			
Appropriation	$6,197,984	$7,283,391	$13,073,885
Contract authorization		1,500,000	
Obligations incurred during the year	14,187,845	19,848,494	10,467,170
	20,385,829	28,631,885	23,541,055
Deduct:			
Adjustment in obligations of prior years	172,581		
Obligations transferred to "Construction (liquidation of contract authorization), National Park Service"		1,500,000	
Reimbursements	20,514	58,000	58,000
Unliquidated obligations, end of year:			
Appropriation	7,283,391	13,073,885	9,983,055
Contract authorization	1,500,000		
Total expenditures	11,409,343	14,000,000	13,500,000
Expenditures are distributed as follows:			
Out of current authorizations	11,409,343	4,000,000	4,000,000
Out of prior authorizations		10,000,000	9,500,000

Mr. JENSEN. We will insert in the record at this point pages 84 and 85 of the justifications.

(The matter referred to is as follows:)

1. Parkways

Subactivity	Appropriation 1954	Decreases	Subtotal	Estimate, 1955	Increases	Page reference	
						Table	Justification
(a) Baltimore-Washington	$550,000	$550,000					
(b) Blue Ridge	852,300	852,300		$170,000	$170,000		85
(c) Colonial	10,000	10,000					
(d) George Washington Memorial	98,000	98,000					
(e) Natchez Trace	651,000	651,000		100,000	100,000		85
(f) Suitland	35,000	35,000		35,000	35,000		86
(g) Rights-of-way plans and advance construction plans and surveys, etc	120,000	120,000		120,000	120,000		86
Total	2,316,300	2,316,300		425,000	425,000		

Blue Ridge Parkway	$170,000
Natchez Trace Parkway	100,000
Suitland Parkway	35,000
Rights-of-way plans and advance construction plans and surveys, etc	120,000
Total	425,000

NATCHEZ-TRACE PARKWAY

Mr. JENSEN. Will the $100,000 request for the Natchez-Trace Parkway be necessary in view of the new program policies now developed?

Mr. TOLSON. That $100,000, Mr. Chairman, is for erosion control and right-of-way stabilization. That is a 450 mile parkway, of which 97.6 miles have been paved, and 64.9 miles are now graded or scheduled to be placed under contract early in 1954, which will give a total of paved roadway on the Natchez-Trace Parkway of 163 miles.

Mr. JENSEN. I see. The Natchez-Trace Parkway building program had been going on for many, many years; has it not?

Mr. TOLSON. Yes, sir; the original survey of that parkway was made in 1934.

Mr. JENSEN. What did you say was the length of the parkway, sir?

Mr. TOLSON. 450 miles.

Mr. JENSEN. How much has been paved, to date?

Mr. TOLSON. 97.6 miles.

Mr. JENSEN. Has the Federal Government paid the cost of all of that paving?

Mr. TOLSON. Yes; the Federal Government has paid all of the cost, and the States have provided the right-of-way for the parkway—the States of Tennessee, Alabama, and Mississippi.

Mr. JENSEN. Is the balance of the length of the parkway a dirt road?

Mr. WIRTH. There is nothing for the balance of the parkway. The right-of-way has been acquired.

Mr. TOLSON. There is just the right-of-way only; there is no road there at all. There remains to be started 287 miles of road.

Mr. JENSEN. At the rate we are going, all of us will be old and gray and feeble by the time that parkway is completed.

What are the Park Service recommendations on this road? Is there any attempt made to get the States to take this over, or what is the program, if any, that has been worked out or which might be in the offing?

Mr. WIRTH. Mr. Chairman, this Trace is authorized by an act of Congress after investigating a report to Congress by the Park Service and the Department. The States, under the arrangement, would acquire the lands necessary and the construction would be done by the Federal Government. We, naturally, have not made any effort to try to dispose of these parkways. I would say that it would be very difficult and embarrassing to expect the States to accept disposal of them after agreements made with the Federal Government.

Mr. JENSEN. What amount did we appropriate last year for this purpose?

Mr. WIRTH. For the parkway all told?

Mr. JENSEN. No; I mean for the Natchez-Trace Parkway.

Mr. WIRTH. I think it was $651,000. I might say that this request for parkway funds, as a whole, has been greatly reduced from last year down to only enough to take care of certain erosion problems that should be taken care of, or it will cost more, as you go along, if you are going to go ahead with the construction. The erosion problems should be taken care of as soon as possible.

Most of this money is not devoted to approachways, but we do have one in the Blue Ridge Parkway which must be taken care of. The rest of the money will be for stabilization and erosion control.

RECOMMENDATION OF SURVEY TEAM RELATING TO PARKWAYS

Mr. JENSEN. The survey team made this recommendation in their report:

> The authorized parkway projects should be reexamined and specific proposals developed to restrict National Park Service activity in this field to those of actual national significance or intimately related and essential to the enjoyment of the national park areas.

Mr. WIRTH. We are making that study, sir, but the Blue Ridge Parkway and the Natchez Parkway and the George Washington Memorial Parkway and the Colonial Parkway are all parkways established by Congress. I would not want to go on record at this time as to what the ultimate study and recommendation of the Department would be on that, but that is something pointed out by the survey, and the order from the Secretary is to proceed with those studies, and report back on them.

We have gone so far on the Baltimore-Washington Parkway and the Suitland Parkway to express an opinion, but on the others, we would prefer not to, if I may express my opinion at this time.

SUITLAND PARKWAY

Mr. JENSEN. I see you are asking for $35,000 for a cut and for fill-protection work on the Suitland Parkway.

Mr. WIRTH. We have a sliding bank on that parkway which we have had an awful lot of trouble with, and we have to do something to take care of it, and that is the only way we can do it. We will have to get the appropriation to do it; it is certainly needed, and it will destroy what we have there if we do not take care of it, and it will cost you a great deal more if your road becomes blocked.

Mr. JENSEN. How many places along the parkway do you have of cuts such as shown in this photograph?

Mr. GARTSIDE. They exist wherever we have intercepted water-bearing strata in connection with the grading operation.

We have that problem to some degree in many areas. The one at which you are now looking is probably the worst, but there are a dozen more locations such as that, and the erosion will continue until we lower the ground-water table below the strata level.

In the meantime, we take many steps to try to control the water, and get stabilization of the banks. We try to intercept the water and carry it to sewers and side drainage. It is a process that requires time for complete solution.

Mr. WIRTH. It requires a capital investment to get our drainage in there, but that is what this is for.

Mr. JENSEN. What are some of the larger items programed under building and construction for which you are requesting $2,457,000?

PUBLIC USE BUILDING AT CARLSBAD CAVERNS

Mr. TOLSON. Some of the types of buildings are utility buildings, ranger stations, comfort stations, and residences. The largest item is for the public use building at Carlsbad Caverns. That is for continuing the project, which has been approved by the committee and the Congress, to put in additional new elevators at Carlsbad Caverns.

Mr. JENSEN. I believe that involves two elevators.

Mr. TOLSON. Yes, sir; two of them. This is the public use building where visitors can wait for the tours that are set up to take them through the caverns. It will contain comfort stations, a waiting room, an eating establishment, and so forth.

Mr. JENSEN. Well, of course, I do not think it is absolutely necessary to build an elaborate waiting room. I have been through the caverns twice, and people come there in their automobiles, and they

know about what time they can start the tour. It is not far to a little village at the bottom of the mountains.

Mr. TOLSON. I think it is about 6 miles, Mr. Jensen.

Mr. JENSEN. Yes; I think it is.

Mr. TOLSON. And, it is about 30 miles to the city of Carlsbad.

Mr. JENSEN. It is not often that they have rains or storms there. I should think that those building facilities, other than the elevators, could be deferred for the present until we get our Federal finances a little better in shape.

I do not think it is urgent at all to build elaborate facilities or waiting rooms.

How much had you planned to spend there?

Mr. TOLSON. It would amount to about $1.5 million for that building.

Mr. JENSEN. $1.5 million?

Mr. TOLSON. Yes; and that would also include the concession facilities.

Mr. JENSEN. It has not been started as yet; has it?

Mr. TOLSON. No, sir; it has not been started. The elevators are being constructed but the building has not been started.

Mr. JENSEN. Is there $1.5 million in this bill for that purpose?

Mr. WIRTH. The whole amount is in there.

Mr. JENSEN. I might say that I was very instrumental in getting these additional elevators at Carlsbad Caverns, because I think they are needed, and at the time I so stated, but to spend $1.5 million on waiting-room facilities at this time, I do not think is necessary, by any stretch of the imagination.

Of course I realize that Carlsbad Caverns is the best paying property that the National Park Service has.

Mr. TOLSON. That is right.

Mr. JENSEN. But, if we are going to start now and spend $1.5 million for facilities, then we will have maintenance and we have to keep more people there to keep that building clean and in repair. The first thing you know, Carlsbad Caverns will be losing money instead of making a profit.

So, I think we had better defer that for the time being.

Mr. WIRTH. May I say this, Mr. Chairman, in that particular case? We have to provide somewhere in those elevator shafts a place for first aid; we have to provide a little space for people who come with children who cannot take them down in the caverns; we have to provide sanitary facilities. We have a small building there now, as you well know. Most of our facilities are on the other side of that ravine, and the whole operations, more or less, will shift over toward these elevator shafts. Now, we are using an old dormitory for an office building over there, and a few things like that. I am bringing this up in order to try to analyze it here with you, and to state that I think it would be desirable—if you do not feel we can go ahead with the whole $1.5 million, to finish the job up—that some consideration should be given to some items to take care of those real urgent necessities which we most surely will have, as soon as the elevators are built, and are in operation.

Mr. JENSEN. When will the elevators be in operation?

Mr. WIRTH. We sincerely hope to have them in operation by springtime a year from now.

Mr. JENSEN. A year from now?

Mr. WIRTH. The contract has been let for the actual cutting of the new shafts. I am sorry I cannot say that I am up to date on the time limit on it, as to when they will be actually placed in operation, but when we presented the item last year, we broke it down and this year we have designed it with the idea that we were going to get at least something for the head house, and for sanitary facilities and restrooms, and so forth.

Mr. JENSEN. Do you mean a head house at the mouth of the caverns?

Mr. WIRTH. For the elevator equipment.

Mr. JENSEN. How much would that cost?

Mr. WIRTH. I would have to restudy it from the standpoint of the minimum that would be required to at least get us under housing and in operation.

Mr. JENSEN. Would you say on that it would be $25,000?

Mr. WIRTH. It would be more than that; it would be considerably more than that; I would prefer not to try to guess at it at this time, but I can get you something within 24 hours, and return it to you.

Mr. JENSEN. The contract for the elevators does not include a covering over the opening?

Mr. WIRTH. It includes the covering over the opening and includes the bare necessities for housing equipment—the electrical equipment, and so forth, which you need to operate the elevators.

Mr. JENSEN. How large a room would that be?

Mr. WIRTH. As well as I recall the plans, it just includes the approach to the elevators, and the housing over it, which I would say would be—and I am guessing at it—maybe about 30 feet wide, and including the elevators, it would be most likely about, I would say, 30 by 30 feet square, including the elevator space.

I would like to also point out this: it was our understanding when we presented it last year that with the construction of these elevators and when they go into operation, we could increase the fee 25 cents a ride, which would help, figuring on making it self-liquidating, within 10 years.

Mr. JENSEN. I think we had best defer that.

Mr. FENTON. How deep is that elevator shaft?

Mr. TOLSON. 730 feet.

Mr. WIRTH. Do you wish us to bring before your attention what we think would be necessary to do the minimum amount of work with the completion of the elevators?

Mr. JENSEN. Yes; will you do that?

Mr. WIRTH. All right, sir.

(The statement referred to is as follows:)

The minimum amount of work on the public use building which should be constructed upon the completion of the elevators would provide a waiting room with a capacity of 600 persons, toilets, a nursery for the care of infants and children, a kennel for housing dogs or other pets which are not permitted in the caverns, a locker room for the guides and other Service employees directly associated with the operation, a first-aid room, and an enclosed space for machinery, equipment,

and heating plant for the operation of the building and the elevators. The lobby or waiting room would contain 10,800 square feet, and other facilities 14,400 square feet, at an estimated cost of $550,000. Such a building would make no provision for the concessioner for the sale of soft drinks, sandwiches, curios, etc., or for exhibit space, offices for National Park Service personnel, and other desirable public-use facilities.

Mr. JENSEN. What other major items are included in this request for $2,457,000?

Mr. WIRTH. I think I can say it is the large item.

EVERGLADES DEVELOPMENT

Mr. TOLSON. Among those items, Mr. Chairman, are developments in the Everglades which will run about $150,000.

Mr. JENSEN. What is that amount for?

Mr. TOLSON. That is for dredging, filling and bulkheading for development sites and boat access down in the Everglades. It includes a power system, dredging for a boat basin, and so forth.

Mr. JENSEN. What type of power system are you contemplating here?

Mr. TOLSON. An electric lighting system in the Everglades where there are no electric distribution lines, such as REA, or private lines.

Mr. JENSEN. Will they not run lines to you?

Mr. TOLSON. No, sir; it is a long way from any developed area. So, it is a case where you have to generate your own electricity and distribute it to this area.

Mr. WIRTH. That area is about 40 miles from any other development.

Mr. ALLEN. They will come in there eventually, Mr. Chairman, but until the Government puts some development in there, then the power company does not feel able to run that far. They have come to our present headquarters, and residential area, so far, which is near the entrance to the Everglades.

Mr. FENTON. Is that up at the boat landing?

Mr. WIRTH. It is just beyond Coots Bay Pond, which I think is the area you are speaking of.

Mr. JENSEN. Will this request for $150,000 do all the work that you set out here in your justifications, including an addition to the FM radio system; the Flamingo area development, which includes dredging, filling, and bulkheading for development sites and boat access; power system; dredging for boat basin; pier; planting trees and shrubs; test wells for water vicinity of concrete bridge; and waterway from Shark River to Broad River?

Mr. TOLSON. It will do all of that with the $150,000 Mr. Chairman, but you will notice that the FM radio system in the amount of $52,900 is in addition to that.

Mr. JENSEN. Yes; I see. Why is it necessary to have an FM radio system there?

Mr. TOLSON. That is the best way of communicating over long distances rather than trying to put in telephone lines to the ranger stations.

Mr. JENSEN. What is the particular need for communication systems?

Mr. TOLSON. Well, for instance, people use their own boats to travel around the Everglades, and something might happen to them—

a storm may come up—and they may need help, and we may have to rescue those people. Someone may be injured; and fires occur in the grasslands of the Everglades. We have had quite extensive fires, and the islands in the Everglades have grass on them. They constitute a real fire hazard. This FM radio system is in lieu of a telephone system.

It is much cheaper to put in a radio system than it is a telephone system.

Mr. FENTON. I feel that the justification of these items with reference to the Everglades is an absolute necessity because I can recall very distinctly several years ago, in company with the superintendent of the Everglades Park, rescuing a lost party who had been out over night.

You really have to go down there and see the thing to appreciate what we are trying to discuss here. I think that the facilities which they are asking for are absolutely necessary in order to continue that work down there.

Mr. JENSEN. All right; thank you.

Mr. FENTON. The fire hazards that you spoke of are also terrific, and I think that if any place needs more rangers, that is the place that needs them.

I cannot speak too highly for the situation down there, and the necessity for taking care of it.

BUILDINGS, UTILITIES, AND OTHER FACILITIES

Mr. JENSEN. We will insert into the record a list of all items which make up the $4.1 million request for buildings, utilities and other facilities.

(The information is as follows:)

Buildings and utilities program, 1955 fiscal year (based on budget estimate)

Region 1	$550,100
Region 2	709,600
Region 3	1,764,500
Region 4	530,100
National Capital Parks	345,700
Advance planning, etc	200,000
Total	4,100,000

NOTE.—Total estimates are given for all items in this program and are based on the following percentages:

	Percent
Construction	85
Contingencies	5
Plans and supervision	10
Total	100

REGION 1

	Total estimates
Acadia National Park, Maine:	
Blackwoods campground development: Sewer system U–5, water system U–16, electric system U–17, and planting M–15	$60,000
Sand Beach development: Bathhouse B–53, planting M–64, signs and markers M–59	15,800
Cape Hatteras National Seashore Recreation Area, North Carolina:	
Administration building and utilities	50,000

Buildings and utilities program, 1955 fiscal year (based on budget estimate)—Con.

REGION 1—continued

	Total estimates
Chickamauga-Chattanooga National Memorial Park, Tenn.:	
Signal Mountain development: Comfort station B–10 and sewer system U–4	$27,400
Lookout Mountain development: Comfort station, Sanders Road picnic area B–12	8,800
Everglades National Park, Fla.:	
Addition to FM radio system	52,900
Flamingo area development: Dredging, filling, and bulkheading for development sites and boat access M–34, power system U–28, dredging for boat basin M–51, pier M–49, planting trees and shrubs M–52, test wells for water vicinity of concrete bridge U–19, and waterway from Shark River to Broad River M–6	150,600
Great Smoky Mountains National Park, Tenn.:	
Cades Cove area: Comfort stations (3) in campground B–166, garbage disposal U–155, residence B–57, and water U–159 and sewer U–160 for residence	61,300
Tremont ranger station: Residence B–54, utility building B–125, water U–39, sewer U–117, power U–119, and planting M–58	25,200
Greenbrier ranger station:	
Residence B–56, utility building B–135, water U–54, sewer U–112, power U–113, and planting M–64	33,200
Camptender's quarters, Chimneys campground B–60	16,500
Great Smoky Mountains National Park, N. C.:	
Camptender's residence B–71 and garbage disposal U–154, Balsam Mountain campground	22,400
Comfort station and shelter Deep Creek campground B–183	14,000
Various areas: Museum exhibits in existing buildings	12,000
Total for region 1	550,100

REGION 2

Glacier National Park, Mont.: Apgar campground comfort stations (3) B–110 and water and sewer U–125 (portion)	34,600
Grand Teton National Park, Wyo.:	
Colter Bay and Jackson Lake lodge development: Completion of water system U–27, and power distribution system U–33, U–36	133,000
Colter Bay campground development: Comfort stations B–93, tables, fireplaces, etc	106,600
Isle Royale National Park, Mich.: Completion of FM radio system U–25	21,800
Rocky Mountain National Park, Colo.: Conversion of radio system to FM U–79	129,400
Scotts Bluff National Monument, Nebr.: Water line extension at headquarters U–4	22,300
Wind Cave National Park, S. Dak.: Replace cave electrical system U–9	58,800
Yellowstone National Park, Wyo.:	
Fishing Bridge campground development: Comfort stations (8) B–52, tables, fireplaces, etc., M–61	110,600
Canyon area development:	
Pumps and pump house on water system B–77	42,600
Tables, fireplaces, etc., in campground M–5	37,900
Various areas: Museum exhibits in existing buildings	12,000
Total for region 2	709,600

Buildings and utilities program, 1955 fiscal year (based on budget estimate)—Con.

REGION 3

Big Bend National Park, Tex.: Extension and improvement of water systems, basin, and headquarters	$195,400
Carlsbad Caverns National Park, N. Mex.: Public use building	1,500,000
Colorado National Monument, Colo.: Extension and improvement of water system, Grand Junction entrance	7,100
Southwest Monuments, Arizona-New Mexico: Campground development	50,000
Various areas: Museum exhibits in existing buildings	12,000
Total for region 3	1,764,500

REGION 4

Coulee Dam National Recreation Area, Washington:	
Kettle Falls area development: Water system U–33 and beach development M–44	9,400
Fort Spokane area development: Water system U–12, comfort station B–24, sewer system U–13, tables, etc., M–20	29,400
Spring Canyon area development: Campsites, tables, etc., M–11 and beach development M–59	11,800
Crater Lake National Park, Oreg.: Machine shop and equipment storage building, headquarters B–1	88,000
Joshua Tree National Monument, California: Pinto Wye area development, shop and equipment storage building B–31 and gas and oil house B–18	32,400
Lava Beds National Monument, California: Storage building at headquarters B–13	27,100
Mount McKinley National Park, Alaska:	
Equipment storage building B–76 and garage B–79	24,700
Utilities for concession development at Wonder Lake	41,800
Comfort station at Wonder Lake	9,400
Mount Rainier National Park, Wash.: Completion of FM radio system	38,100
Olympic National Park, Wash.:	
Completion of FM radio system U–28	52,900
Replacement of deteriorated facilities in various campgrounds M–57	5,800
Olympic Hot Springs campground development, water system U–42 and comfort stations B–81	24,700
Kalaloch campground development, water system U–54, sewer system U–53, comfort stations B–157 and campsites, tables, etc., M–59	56,100
Sequoia-Kings Canyon National Park, Calif.: Replacement of obsolete sewage disposal systems, Giant Forest U–37	35,400
Sitka National Monument, Alaska: Planting at residence M–4, comfort station, and river bank protection M–3	19,300
Yosemite National Park, Calif.: Insulation of buildings, various locations B–61	11,800
Various areas: Museum exhibits in existing buildings	12,000
Total for region 4	530,100

NATIONAL CAPITAL PARKS

East Potomac Park: Motor court utilities	23,700
Fort Dupont Park: Completion of submaintenance group	176,500
Lee Mansion: Electric service	5,600
Catoctin Recreational Development Area: Water storage tank, garbage disposal and fencing	31,400
Roosevelt Island: Shelter and comfort station and water system	41,300
Columbia Island: Sewage disposal system at motorboat marina	5,800
Fort Dupont Park: Picnic areas and comfort stations	61,400
Total for National Capital Parks	345,700

Mr. JENSEN. How many acres of land have been acquired in each of the last 5 years under your general land acquisition program? Will you insert that information into the record, please?

Mr. WIRTH. Yes, sir; we would be glad to do that, sir.

(The information is as follows:)

Amounts expended or obligated for general land acquisition, fiscal years 1949 through Dec. 31, 1953

1949 FISCAL YEAR

Name of area and location	Acres acquired	Amount
Big Bend, Tex	325.75	$31,800
Carlsbad Caverns, N. Mex	320.00	5,040
Colonial, Va	2.90	12,700
Dinosaur, Utah-Colo	163.64	2,000
Gettysburg, Pa	6.71	6,200
Glacier, Mont	1.07	26,700
Glacier Bay, Alaska	136.37	800
Lassen Volcanic, Calif	260.00	40,000
Manassas, Va	66.06	25,597
Olympic, Wash	2.60	1,549
Prince William Forest, Va	12.75	480
Rocky Mountain, Colo	237.70	17,009
Yosemite, Calif	160.00	8,000
Total, 1949 fiscal year	1,695.55	177,875

1950 FISCAL YEAR

Colonial, Va	3.31	$11,750
George Washington Memorial Parkway, Virginia-Maryland	1.95	16,921
Glacier, Mont	1,070.08	66,682
Lassen Volcanic, Calif	80.00	1,645
Petersburg, Va	11.59	1,500
Rocky Mountain, Colo	319.86	14,789
Saguaro, Ariz	1,302.26	59,200
Yosemite, Calif	199.99	52,000
Total, 1950 fiscal year	2,989.04	224,487

1951 FISCAL YEAR

Colonial, Va	10.92	$7,300
Craters of the Moon, Idaho	793.19	2,880
El Morro, N. Mex	640.80	3,300
Fort Frederica, Ga	4.77	4,596
George Washington Carver, Mo	210.00	49,116
Gettysburg, Pa	8.50	10,764
Glacier, Mont	1.92	44,765
Great Smoky Mountains, N. C		[1] 987
Joshua Tree, Calif	11,819.43	10,785
Lassen Volcanic, Calif	40.00	8,055
Mount McKinley, Alaska	40.00	8,500
Muir Woods, Calif	11.22	8,000
Petersburg, Va	.33	5,000
Prince William Forest, Va	16.00	1,000
Rocky Mountain, Colo	667.59	51,952
Yosemite, Calif	124.90	31,500
Total, 1951 fiscal year	14,389.57	248,500

[1] Applicable to partial cost of 93.23 acres acquired in 1948 fiscal year.

Amounts expended or obligated for general land acquisition, fiscal years 1949 through Dec. 31, 1953—Continued

1952 FISCAL YEAR

Name of area and location	Acres acquired	Amount
Colonial, Va	3.60	$7,652
Glacier, Mont	336.51	10,559
Joshua Tree, Calif	10,921.32	12,500
Kings Canyon, Calif	590.66	37,018
Lassen Volcanic, Calif		[2] 1,740
Lava Beds, Calif	76.70	1,600
Rocky Mountain, Colo	124.70	37,250
Total, 1952 fiscal year	12,053.49	108,319

1953 FISCAL YEAR

Colonial, Va	1.88	$57,500
Gettysburg, Pa	23.80	17,236
Glacier, Mont	4.93	89,500
Kings Canyon, Calif		[3] 7,282
Lassen Volcanic, Calif	151.40	10,000
Prince William Forest, Va	45.94	15,000
Rocky Mountain, Colo	166.71	41,700
Sitka, Alaska	1.10	1,500
Yosemite, Calif	.12	30
Total, 1953 fiscal year	395.88	239,748

1954 FISCAL YEAR THROUGH DEC. 31, 1953

Glacier, Mont	276.73	$17,700
Glacier Bay, Alaska	157.50	2,450
Kings Canyon	40.00	2,250
Rocky Mountain, Colo	244.48	59,295
Saratoga, N. Y	194.16	16,000
Zion National Monument, Utah	295.35	2,953
Total, first half 1954 fiscal year	1,208.22	100,648

[2] Cost applicable to 260 acres acquired in 1949 fiscal year.
[3] Cost applicable to 590.66 acres acquired in 1952 fiscal year.

General Administrative Expenses

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$1,342,000	$1,268,000	$1,268,000
Reimbursements from other accounts	146	500	
Total available for obligation	1,342,146	1,268,500	1,268,000
Unobligated balance, estimated savings	−6,186		
Obligations incurred	1,335,960	1,268,500	1,268,000

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
Direct Obligations			
1. Departmental expenses	$774,215	$796,765	$796,765
2. Regional office expenses	561,599	471,235	471,235
Total direct obligations	1,335,814	1,268,000	1,268,000
Obligations Payable Out of Reimbursements From Other Accounts			
2. Regional office expenses	146	500	
Obligations incurred	1,335,960	1,268,500	1,268,000

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Summary of Personal Services			
Total number of permanent positions	238	220	217
Average number of all employees	223	207	207
Average salaries and grades:			
General schedule grades:			
Average salary	$4,681	$4,713	$4,720
Average grade	GS-6.9	GS-6.9	GS-6.9
Crafts, protective, and custodial grades:			
Average salary	$3,400	$3,399	$3,397
Average grade	CPC-5.0	CPC-5.0	CPC-5.0
Personal service obligations:			
Permanent positions	$1,169,802	$1,117,271	$1,114,817
Other positions	287	1,000	1,000
Regular pay in excess of 52-week base	4,497	4,297	4,297
Payment above basic rates		600	600
Total personal service obligations	1,174,586	1,123,168	1,120,714
Direct Obligations			
01 Personal services	1,174,513	1,123,168	1,120,714
02 Travel	53,260	48,530	49,545
03 Transportation of things	1,828	1,785	2,145
04 Communication services	18,087	16,100	15,334
05 Rents and utility services	4,413	3,250	3,450
06 Printing and reproduction	33,001	32,200	31,700
07 Other contractual services	18,553	17,885	19,880
08 Supplies and materials	12,973	11,332	14,002
09 Equipment	17,455	12,750	10,330
13 Refunds, awards, and indemnities	55		
15 Taxes and assessments	1,076	1,000	900
Total direct obligations	1,335,814	1,268,000	1,268,000
Obligations Payable Out of Reimbursements From Other Accounts			
01 Personal services	73		
02 Travel	48	500	
03 Transportation of things	25		
Total obligations payable out of reimbursements from other accounts	146	500	
Obligations incurred	1,335,960	1,268,500	1,268,000

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year	$64,347	$113,128	$60,000
Adjustment in obligations of prior years	31,454		
Obligations incurred during the year	1,335,960	1,268,500	1,268,000
	1,431,761	1,381,628	1,328,000
Deduct:			
Reimbursements	146	500	
Unliquidated obligations, end of year	113,128	60,000	60,000
Total expenditures	1,318,487	1,321,128	1,268,000
Expenditures are distributed as follows:			
Out of current authorizations	1,223,631	1,210,928	1,213,000
Out of prior authorizations	94,856	110,200	55,000

Mr. JENSEN. The next item is the one for general administrative expenses.

Mr. TOLSON. The estimate for that item, Mr. Jensen, is the same as the appropriation for 1954, which was $1,268,000.

Mr. JENSEN. What did your survey group recommend in that respect?

Mr. WIRTH. Well, their recommendation, without reviewing the problem again, was to establish additional regions. I do not think they made any comment on our present general administrative expense. They did recommend 10 regions, and we felt that 6 was what we should have; the Secretary finally approved 6 instead of 10. There is one thing that is certain, and that is that in these areas, we will need all of our general administrative expenses, because in cutting down we have found what money we were spending in the regions on management and protection and maintenance rehabilitation, and moving those positions out into the field, which makes our general administrative expenses a much more absolute necessity now than they were before.

Mr. JENSEN. All right; we covered that plan of establishing the regional offices.

ROOSEVELT ISLAND

Mr. JENSEN. There are just a couple of items which I would like to discuss at this time.

We have the Roosevelt Island here on the banks of the Potomac, which is now under consideration for development.

I do not think there is an item in the budget covering it.

Mr. WIRTH. There are two little items in this budget in regard to Roosevelt Island.

Mr. JENSEN. Yes; two small ones. What is the amount of them?

Mr. WIRTH. One is for the water system in the amount of $14,800, and the amount of the other one is in the amount of $26,500 for a shelter.

Mr. JENSEN. There is nothing in the budget to beautify the island?

Mr. WIRTH. No, sir.

Mr. JENSEN. There is nothing requested to make it a memorial or to put it in such condition that people might go there for picnic dinners, and recreation and for a little fishing, and so on.

Mr. WIRTH. That is correct.

I might say, that a number of years ago the Roosevelt Association bought the island and gave it to the Government as a memorial to Theodore Roosevelt because of his interest in conservation. He was really the first one that got us to wake up to the fact that there was something which we ought to do in regard to looking toward our resources, and conserving them, and using them.

So, they felt that a natural island of this type would be a more suitable memorial to his accomplishments in many respects than some of the other things. So, that island was purchased and given to the Government with the understanding that it would be a memorial to Theodore Roosevelt and that the plans for its development would have the joint approval of the National Park Service and the Theodore Roosevelt National Memorial Association.

Mr. JENSEN. Will you give us the exact location of Roosevelt Island?

Mr. WIRTH. It is in the Potomac River on the west bank just north of Memorial Bridge and south of Key Bridge.

Mr. JENSEN. It is in plain sight of the Memorial Bridge. I have noticed that body of land there.

Mr. WIRTH. This, sir, will give you the location. Here is our pamphlet on it.

Mr. JENSEN. How many acres are in this island?

Mr. WIRTH. Do you have the acreage on that, Mr. Gartside?

Mr. JENSEN. When you go across Memorial Bridge, you can see the island in the distance.

Mr. WIRTH. Here is the bridge, and here is Key Bridge, and here is the island; this is Georgetown, and this is the mouth of Rock Creek Park.

Mr. JENSEN. How many acres did you say are in this island?

Mr. WIRTH. I would have to look that up.

Mr. GARTSIDE. I am not certain of it, but I think there are around 87 or 88 acres.

Mr. JENSEN. Should the committee see fit to appropriate a nominal amount—possibly $40,000 or $50,000—in this bill for development and beautification of that island to the National Park Service, would you be in a position to go ahead with the development and be able to spend that $40,000 or $50,000 to good advantage, and would it be agreeable to the Park Service if the committee should see fit to do that?

Mr. WIRTH. Mr. Chairman, I say this: that the plan of Roosevelt Island has been approved by the Park Service, and by the association. It is our hope that it will be completed by the 100th anniversary of Theodore Roosevelt on October 27, 1958.

I know the association is interested and we are very much interested in having a complete dedication of the island of Theodore Roosevelt by that time.

I would like to say our total estimate for the island, full development of it, with the docks, parking area on the Virginia shore where they would park and then come across to the island because it would not have road on it, and the memorial overlook where the story of Teddy Roosevelt would be told, amounts to $600,000. We thought we would like to, if we had a chance, do it in three bites.

Mr. JENSEN. Of course, the committee would not feel disposed, I am sure, to appropriate even a third of $600,000 since the whole development program has not been presented to the committee.

I do think it will make a beautiful island, if properly developed; and will be used quite extensively by people from the District and some other places that come here to visit the Capital City.

MOUNT RUSHMORE MEMORIAL

So much for that. Last year—no, I think a year ago last summer—when there was a big celebration held at Mount Rushmore to commemorate the 25th anniversary of the starting of the chiseling of that monument by Gutzon Borglum.

As you know, a few years ago, Mount Rushmore was lighted; that is, the faces of those four great patriots. Since that time the attendance at the park has more than doubled. Now, I was invited to attend those ceremonies a couple of years ago, and I saw there old men and old women trudging up that steep hill, almost a mountain, for distances of blocks and blocks, possibly a mile, because of the fact that there was not sufficient parking space.

I saw women with babies in their arms carrying them up that mountain to attend that ceremony, and I spoke to Mr. Liek, the superintendent of the park, and asked him if the parking space there

was so small that only a few folks apparently that were there that day could find parking space.

He said that is exactly the situation. Therefore, I have been interesting myself in that matter. Now the State has agreed to build access roads to the monument and do other things. There are facilities that are necessary also at the monument, which, I understand, will cost between $400,000 and $500,000.

Would you care to explain the situation that exists there regarding parking space and the inadequacy of facilities, eating places, rest rooms, and such?

Mr. WIRTH. Yes, sir; I certainly will because I do not know whether I can explain any better than you have that the parking facilities are absolutely impossible.

The attraction is tremendous and to walk up that hill is terrific at that altitude, especially for people who are not used to it. We have worked out a master plan which has the approval of the State and the State Highway Department; and I am quite certain the State will rebuild the road.

It is mountainous country, and it is awfully hard to get a flat area without a great deal of expense to park our cars, but we have worked out a scheme and the State is willing, as I understand it, to relocate their road and actually build us a parking area, providing we can do the things we should do, in order to make that particular thing workable, which will mean some new building up near the parking area, so people coming from the parking area can go right out and get the view and get the benefit of that.

Also, we could then convert one of the buildings that are now used for the concessionaire into a museum so it would be closer to the upper parking area, and we are very anxious to have in front of this area a sort of amphitheater and have the people have the opportunity to hear not only the story of the carving of the monument, but also the part these men who are depicted have played in the development of the Nation.

Mr. JENSEN. As I understand it, the Mount Rushmore Memorial Association have agreed to build that amphitheater with their own funds.

Mr. WIRTH. They have agreed to contribute what money they have, which is a considerable sum, toward that.

Mr. JENSEN. I understand it is around $50,000.

Mr. WIRTH. I think they will have $50,000 by July of 1954, and there will be more coming later. They are a nonprofit, distributing corporation, and they have our concession up there, and every cent they get from that they put back into the property.

Mr. JENSEN. All right, I think that is all that is necessary at this time.

Mr. WIRTH. I would like to say that the State does this: That for every 20 cents we spend, they put $1 worth in it.

Mr. JENSEN. Mr. Tolson, did you have anything you wanted to say about Mount Rushmore?

Mr. TOLSON. No, Mr. Chairman, except to say that the number of visitors has increased considerably since the lighting system was installed. For instance, in 1952, calendar year, there were 835,100 visitors at the monument; in 1953 there were 913,808. And with these

needed improvements the visits to Mount Rushmore undoubtedly will exceed 1 million.

Mr. JENSEN. Thank you. Is there anything else before I turn the hearing over to Congressman Fenton that you would like to bring to our attention, off the record or on the record?

CONDEMNATION OF LAND BY NATIONAL PARK SERVICE

Mr. TOLSON. I might mention this, Mr. Chairman: There was a statement made, I believe, in the report of the committee last year relating to condemnation of land by the National Park Service, and we do have many instances, where the owners of the property will ask, or will agree with us, that the only way to acquire title is through the condemnation procedure. We might suggest that the wording, if that is to be contained in your report on the 1955 estimate hearing, be changed to authorize us to file such condemnation suits where the owner is agreeable to it. I have a suggested wording that might be considered by you.

Mr. JENSEN. Do you have a copy of that that you can hand the secretary?

Mr. TOLSON. Yes, sir.

Mr. JENSEN. I can understand why that wording that you have is necessary. There is one thing that we want to make completely sure of, and that is that the National Park Service does not arbitrarily condemn private property except in special cases where it is absolutely necessary to acquire title.

If the people are willing to sell you their land, that is another thing; but this committee has been very careful in seeing to it that the rights of the people were protected. I am sure that the Park Service has been in most instances very careful about the condemnation of private property.

The committee will study this language which you have suggested when we mark up the bill. Can we be completely assured that the language herein contained will be used only in case of necessity in order to acquire title, should the language be agreed to by the committee?

Mr. WIRTH. Yes, sir.

Mr. TOLSON. The only exception to that would be where Congress itself would authorize condemnation of the property to acquire title.

Mr. JENSEN. That goes without saying.

Mr. TOLSON. I appreciate that.

Mr. JENSEN. I note that this language you suggest only applies to appropriated funds. You have a lot of contributed funds. What about those?

Mr. TOLSON. We do receive donated funds for land purchases. I believe we would have no objection to amending it to include that, although Mr. Wirth may want to comment on this.

Mr. JENSEN. You had better amend it to include privately contributed funds.

Mr. WIRTH. I want to be perfectly frank and discuss this openly, but may I say something off the record?

Mr. JENSEN. Certainly.

(Discussion off the record.)

Mr. FENTON. I am going to be as brief as possible. Of course, I can only speak of the facilities as I have seen them, a few of the facilities of the projects of the National Park Service. In the matter of the rangers, that is throughout your entire jurisdiction, I know that you are harassed by vandalism and all that sort of thing, and I know the truth hurts sometimes. We have those facilities and we should take care of them. I am one of those that think that sufficient appropriations should be allowed to do just that. Will you have in the record anywhere any itemized, detailed account of the vandalism in all of your facilities and give us some idea of the minimum amount of rangers necessary to take care of these places?

Mr. WIRTH. I would like to ask the question as to just what your question includes there. We have in here a breakdown of the rangers, as we would employ them, temporary rangers, under this present appropriation.

We have a general statement on vandalism and conditions in the parks. I understood your question went beyond that to ask us how many rangers we would need in order to prevent vandalism, but whether this is sufficient or whether additional ones over and above the ones we are asking for are needed, is that correct?

Mr. FENTON. Give us the number you are asking for and the number you think you should have.

Mr. WIRTH. This appropriation will give us an additional 355 temporary rangers in the summertime, of which 160 are for fee collection, 195 for protection and guide service. The number that we would need to have for full protection I do not have with me. I would have to furnish it to you because we did not come up with that material on hand.

We were just coming up by this particular item. We estimate that the additional personnel we get in here for fee collection will make it possible for us to collect a sum almost equal to the entire cost of the increase in ranger force because we will be able to man our gates for a longer period and we now are not able to do it on account of the shortage of rangers and a whole lot of people come in before we open up and after we close.

We hope this additional allotment will allow us to collect an additional $400,000.

Mr. FENTON. Does that include the Teton Park area?

Mr. WIRTH. Yes, sir. I have a complete distribution here, if you wish, and could put it into the record. Grand Teton would be 7.5 additional rangers. Point 5 does not mean we are hiring half a ranger, but it works out that way on temporary, half a month. That is why we get our half a ranger.

Mr. FENTON. Yes; I would like to have that information.

(The matter referred to follows.)

Distribution by areas of the additional seasonal protective and interpretive positions included in the 1955 fiscal year estimates

Name of area	Rangers	Tour leaders	Ranger-historian	Ranger-naturalist	Ranger-archeologist	Naturalist	Historian	Total positions	Estimated	
									Costs	Revenues (additional)
Abraham Lincoln		1.0						1.0	$1,244	
Acadia				1.0				1.0	1,244	
Adams		1.0						1.0	1,244	
Appomattox Courthouse		.5						.5	622	
Bandelier	2.0							2.0	2,488	$423
Big Bend				1.0				1.0	1,244	
Black Canyon of the Gunnison				.5				.5	622	
Black Hills areas	15.0					7.5		22.5	27,990	23,911
Blue Ridge Parkway	2.0							2.0	2,488	
Cabrillo		1.0						1.0	1,244	
Capitol Reef	1.0							1.0	1,244	
Carlsbad Caverns	1.0	4.0						5.0	6,220	
Castillo de San Marcos and Fort Matanzas		2.0						2.0	2,488	
Chalmette		1.0						1.0	1,244	
Chickamauga-Chattanooga		1.0						1.0	1,244	
Colonial and Yorktown	1.0	1.0						2.0	2,488	1,132
Colorado	2.0			1.0				3.0	3,732	2,200
Craters of the Moon	2.0							2.0	2,492	8,000
Custer Battlefield							1.5	1.5	1,866	
Death Valley	1.0					1.0		2.0	2,488	
Dinosaur	4.0					2.0		6.0	7,425	
Effigy Mounds		1.0						1.0	1,244	
Everglades	2.0			1.0				3.0	3,732	
Fort Donelson		.5						.5	623	
Fort Jefferson							1.5	1.5	1,866	
Fort McHenry		.5						.5	622	
Fort Necessity		.5						.5	622	
Fort Vancouver		.5						.5	622	
Fredericksburg and Spotsylvania	1.0	1.0						2.0	2,488	363
George Washington birthplace		.5						.5	625	
George Washington Carver							1.5	1.5	1,866	
Gettysburg		1.0						1.0	1,244	
Glacier	16.5					1.0		17.5	21,770	12,196
Grand Canyon National Park	10.0			7.0				17.0	21,148	27,880
Grand Teton	4.5					3.0		7.5	9,330	16,347
Great Sand Dunes	1.0							1.0	1,244	
Great Smokey Mountains	9.0			5.0				14.0	17,416	
Hawaii	1.0					1.0		2.0	2,488	
Homestead							0.5	.5	622	
Hopewell Village		0.5						.5	622	
Independence		1.5						1.5	1,866	
Isle Royale	1.0					.5		1.5	1,866	
Jefferson National Expansion Memorial		3.0						3.0	3,732	
Joshua Tree	2.0							2.0	2,488	
Katmai	1.0							1.0	1,244	
Kennesaw Mountain		.5						.5	622	
Lake Mead	4.0			3.0				7.0	8,708	
Lassen Volcanic	7.0					2.0		9.0	11,196	10,000
Lava Beds		.5						.5	622	
Lehman Caves		.5						.5	622	
Mammoth Cave		2.0		1.0				3.0	3,732	
Manassas		1.0						1.0	1,244	
Mesa Verde	1.0				1.0			2.0	2,488	2,692
Morristown		2.0						2.0	2,488	
Mount McKinley	1.0							1.0	1,244	
Mount Rainier	9.0					1.0		10.0	12,440	12,000
Muir Woods						1.0		1.0	1,244	
Ocmulgee		1.0						1.0	1,244	226
Olympic	8.0					3.0		11.0	13,684	
Organ Pipe Cactus	1.0							1.0	1,244	

Distribution by areas of the additional seasonal protective and interpretive positions included in the 1955 fiscal year estimates—Continued

Name of area	Rangers	Tour leaders	Ranger-historian	Ranger-naturalist	Ranger-archeologist	Naturalist	Historian	Total positions	Estimated	
									Costs	Revenues (additional)
Perry's Victory		1.0						1.0	$1,244	
Petersburg and Poplar Grove		1.0						1.0	1,244	
Petrified Forest				1.0				1.0	1,244	
Pinnacles						1.0		1.0	1,244	
Pipestone		.5						.5	622	
Platt	1.0			1.5				2.5	3,110	
Rocky Mountain	17.0					2.0		19.0	23,636	$16,000
Saguaro	1.0							1.0	1,244	
Salem Maritime		.5						.5	622	
Saratoga		.5						.5	622	
Scott's Bluff	4.0						1.0	5.0	6,220	1,500
Sequoia-Kings Canyon	11.0					4.0		15.0	18,660	46,973
Shadow Mountain	1.5					1.0		2.5	3,110	
Shenandoah	8.0			2.0				10.0	12,440	15,266
Shiloh		1.0						1.0	1,244	
Sitka-Glacier Bay	1.0	1.0						2.0	2,488	
Southwestern New Mexico	4.0		4.0	3.0	10.5			21.5	26,723	1,484
Statue of Liberty areas		2.0						2.0	2,488	
Theodore Roosevelt	3.5					1.0		4.5	5,598	
Timpanogos Cave		1.0						1.0	1,244	
White Sands	1.0							1.0	1,244	1,589
Whitman		1.0						1.0	1,244	
Yellowstone	27.0					8.5		35.5	44,162	127,255
Yosemite	16.0					6.0		22.0	27,368	47,290
Zion and Bryce Canyon	8.0			4.0				12.0	14,907	25,762
Total	215.0	40.0	4.0	32.0	11.5	46.5	6.0	355.0	441,545	400,489

Mr. FENTON. We noticed when we were there, and we heard that it was a continuing problem at Grand Teton.

Mr. WIRTH. We are going to, sir, open up with the money that we have now a complete new large camp at Colter Bay on Jackson Lake by the summer of 1955, and I think we will be able to take care of over 1,000 campers in this new campground we are developing.

COLLECTION OF ENTRANCE FEES

Mr. FENTON. We are particularly interested in the statement that you have given us that only 40,000 entrance fees are collected out of approximately 300,000 which might have been collected had it been possible to staff the entrance gates for additional hours during the day.

Is there any controversy in the State of Wyoming and the Federal Government along that line?

Mr. WIRTH. No, sir. What we have done in the Teton, the State has turned over to us what we call the west side road, which is the road that is now in use, with the understanding that we would build a road on the east side of the Snake River which, when completed, would be turned over to the State for maintenance, and that would be the through road down to Jackson for trucks and so forth.

Since that is a through highway at this time and all the traffic uses it, we do not collect. It is, after all, the only through road to Jackson, and it would be just like putting a tax on everybody who wants to go to Jackson.

But the fees referred to there, I am sure, are the fees that go into Jenny Lake, and Jenny Lake campground, so there is no conflict with the State that I know of.

Mr. FENTON. I think it is something to be explored and should be taken care of, at least if we are losing 260,000 fees. That is something.

Mr. WIRTH. It certainly is.

SANITATION FACILITIES IN THE PARK AREAS

Mr. FENTON. Of course, as you know, I am a great believer in sanitation; and if there is anything that should be kept up in all of your Park Service areas, it should be the sanitation features.

Mr. WIRTH. I agree with you. I think in any park work, the first responsibility is sanitation and public health.

Mr. FENTON. It is quite a hazard for all those millions of people, going through the parks. I think that would be the first criticism that would be raised, if we did not have proper sanitary facilities.

I do hope that appropriations in this bill can be used to insure sanitation; that is, proper sanitation.

Mr. WIRTH. You will find, I think, in our items here that a good part of our construction funds contain a lot of sewer systems and redevelopment of campgrounds, which, I think is a point beyond the proximity and the usual sanitation facilities. It is one of our big problems; that is, the proximity of the people. For instance, 25 million people since 1946 have come to the park and our campgrounds are not much better than they were at that time.

We have not been able to expand them since we were handling much, much smaller numbers of people. Sanitation is certainly one of our major problems.

MAINTENANCE OF PARK ROADS AND APPROACHES

Mr. FENTON. Regarding the roads. We saw on our last trip quite some construction on some roads. The dangerous roads that they are trying to keep up must pose quite a difficult problem. From the few projects we saw in Yellowstone National Park, the expense must be terrific.

Mr. WIRTH. It is.

Mr. FENTON. You do have to do it because it is a hazard. Is there enough money in this budget to take care of those terrible hazards that we have seen there?

Mr. WIRTH. No, sir; there is not.

Mr. FENTON. There is not enough money to take care of those hazards?

Mr. WIRTH. No, sir. We have roads in Yellowstone that are nothing but a piece of asphalt put on the old stagecoach roads. We have in Yellowstone a bridge that is a 1-way bridge, and a 2-way road leading up to it.

They are very much hazards. We have been patching those roads and patching them, and I consider at least one-fourth of the roads in Yellowstone as dangerous roads.

Mr. FENTON. I share with you the anxiety that you have concerning some of those problems.

Mr. WIRTH. I would like to say this off the record, if I may, Dr. Fenton, if it is permissible.

Mr. FENTON. Yes, of course.

(Discussion off the record.)

Mr. FENTON. You have quite a job with the roads in Yellowstone with those geysers constantly coming up and damaging the roads.

Mr. WIRTH. It is, sir, and we have tried in other years to keep people off the formations because they become dangerous but they want to go see them. We have now come to the final solution that the only way we can do is to build a defined boardwalk so there is a distinct demarcation.

We have a black top, which is just a marked trail, but the people do not stay on it. They want to see and it is dangerous; so we build a boardwalk, it gives them a defined area, which we can control; but the maintenance of those things run up a little higher than the other, but the safety element makes it mandatory.

We have been gradually converting to that type of thing as a protection to the public. You cannot keep them off anyway. They will go over it, so you might as well make use of the way that is safest.

The roads are the same thing. You have got to fix it so they cannot get off the road.

Mr. FENTON. Now, the committee took cognizance of various roads leading into Yellowstone Park particularly. I understand the approaches are State roads which are maintained by the National Park people.

While appropriations for this work have been held at a relatively low level since the beginning of World War II, it does not appear that the highways, outside of the park I am speaking of, are in need of extensive repair or maintenance work.

Now, the Park Service is continuing to maintain approximately 68 miles of road approaches, both paved and unpaved outside of the boundaries of the national park. We thought that in view of the fact that the park areas certainly are contributing considerable revenue to the State treasuries through sales taxes, taxes paid by the concessionaires from the general business, revenues produced by large numbers of visitors into the areas approaching the park, it would seem reasonable, to me at least, to the committee I believe, to question the appropriateness of continuing to maintain roads outside of the boundaries of the park.

RED LODGE-COOK CITY ROAD

Mr. WIRTH. The one road in Yellowstone, sir, that is maintained by the Park Service and was built by the Park Service is the Red Lodge-Cook City road. It is part in Wyoming and part in Montana.

It has 15.5 miles in Montana, and 52.7 miles in Wyoming, or a total of 68.2, which you referred to. All of the business part of Yellowstone is in Wyoming. Consequently, all the taxes paid by the operators, as I understand it, go to Wyoming. At least they collect

all the taxes for Wyoming—State taxes I mean—and Wyoming collected from Yellowstone last year a total of a quarter of a million dollars in gasoline taxes, which the operators within the park collected and turned over to the State government without spending a red cent of their own.

It is just like collecting a dividend that is turned over to you. I certainly feel that the State of Wyoming should take that over. Not necessarily Montana for their 15 miles because they derive none of the State taxes, although they do get the benefit of the people passing through to the park.

We have been unable to sell them on this idea up to the present time, and we had no strings attached to it before the road was built as to who was going to take care of it.

Mr. FENTON. There is no act on the books that requires you to keep that road up; is there?

Mr. WIRTH. On the books?

Mr. FENTON. Yes. No law.

Mr. WIRTH. No, except that it is on Government property. It is Government-built, and people traveling it would look to the Government for protection, both as to the condition of the road and as to accidents and so forth, I would say, because we built it.

It is on our land. Those roads are on Government-owned land, not Park Service land, but Government-owned land. It is outside the boundary, but is on Government-owned land, and the Government built it so we have a responsibility—I do not know.

The only other thing I know that it could be handled would be to put a sign up and close the road, and I do not think we could live with that.

Mr. FENTON. No. We should see whether some other bureau in the Government besides the National Park Service should be responsible for it.

Mr. WIRTH. I just feel as long as Wyoming is collecting a quarter of a million dollars gasoline tax in the park that they could maintain the road. The maintenance of that road the way we maintain it is about $600 a mile.

Mr. TOLSON. It averages about $667 for primary roads.

Mr. WIRTH. That would be about $35,000 to maintain that 52 miles. They get a quarter of a million dollars out of it. I would like to see them take it, sir.

Mr. FENTON. I certainly think if it is on land other than the national parks', then somebody should be responsible for it besides the national parks.

Mr. WIRTH. We shall push again with the State to see if we can make any headway with them.

Mr. FENTON. Take it up with some other Federal agencies.

Mr. WIRTH. It is on Forest Service land. It is in the Forest Service area.

Mr. FENTON. How much money have you in this bill for keeping up those roads?

Mr. WIRTH. They are all lumped in. We average them at $525 a mile, and some take more, some take less.

A new road takes less, and an old road takes more; but I imagine that is running pretty close to average because that road is about 15, 16, 17 years old now. I think it was built in the middle thirties.

Mr. FENTON. All right, see what you can do about it.
Mr. WIRTH. We will, sir.

INDEPENDENCE NATIONAL HISTORICAL PARK

Mr. FENTON. What is the status of the Philadelphia project? The Independence Hall, et cetera.

Mr. WIRTH. As you know, you were kind enough to give us the rest of the money last year, and all the projects are now in condemnation in court, and we are gradually tearing down the buildings.

We got a special bill through, you know, to allow us to keep the rent of those we bought, subject to occupancy, to keep the rent, maintain the buildings, and gradually tear them down until the park is established.

I most sincerely hope that we will be able to complete, as far as we are concerned—there may be some court action left—by this June all of our land acquisition negotiations.

I think as to detail, Mr. Allen who handles that part of our work on land acquisitions, among other things, might be able to give you a little bit more detail.

Mr. ALLEN. It is going to amount to the $7 million for land acquisition. All but $2½ million has been obligated, and some of that is involved in court proceedings already filed.

Mr. WIRTH. It is all earmarked.

Mr. ALLEN. The major part of those has been negotiated or has been put in in court.

Mr. WIRTH. But it is all earmarked.

Mr. ALLEN. Yes, that is right.

Mr. FENTON. Will this be all the money that will be necessary?

Mr. ALLEN. We think we can complete the job with that fund; yes, sir.

Mr. WIRTH. That is all that will be needed for land acquisition. We made that definite commitment to Congress when we submitted our last bill. Congress took out one or two smaller items. We have all the money that our authorization allows us to ask for.

The money we will need from now on will be development and we hope to tear down most of the buildings with the rent money. We collect the rent money, and as the buildings are vacated, we hope to tear the buildings down with the rent money.

Mr. FENTON. For this fiscal year 1955 there is no additional money requested?

Mr. WIRTH. For land acquisition, no, sir. We have all our money.

Mr. Fenton. That is about all the work you can do through fiscal year 1955, is it not?

Mr. WIRTH. Yes, sir. There is one thing which we have done up there which I do not know whether you are aware of, but we feel quite happy over it.

Independence Hall had its own heating system. It was quite a fire hazard.

We have used the central heating plant about three blocks away and connected it up like the Government buildings here in Washington, so we have removed the heating plant from Independence Hall and heat it by the central heating plant, and we think it removes the fire danger.

Mr. FENTON. Will it make it any cheaper?

Mr. WIRTH. Yes, sir.

Mr. FENTON. Does it save any money?

Mr. WIRTH. Yes, sir; it does. I would like to tell you something else because I feel very happy over this, and I would prefer not to have this in the record until it actually happens.

Mr. FENTON. Very well.

(Discussion off the record.)

Mr. FENTON. After 1955 when you have acquired all the property, how much longer will it take you to complete the project? Can you estimate?

Mr. WIRTH. I do not think it will take too long, sir. It all depends on how many buildings we can tear down with the money we have.

We have an agreement with the Philosophical Society, and they have one million and a half in their treasury to reconstruct the old library that was right across from Independence Hall on property we have purchased.

Then they will restore the old library, that society will. Then it will be done in the same type of architecture that existed originally. When that is done, we have in mind going down to the City Tavern, which you will notice, and I imagine it is covered in our book there—that is where the delegates first met.

In fact, that is where they first decided they had better call a Continental Congress to do something about this business. They met in the barroom, to be perfectly frank, and had dinner and a few other things.

When the thing grew, it began to get a little too stuffy down there and they moved up to Carpenters' Hall and held several sessions there, and they finally got up to Independence Hall.

Therefore, our interpretive program is going to be providing a parking area down near the old City Tavern, and start our groups from there, from the old City Tavern, and tell the stories that started there in the old tavern and moved on up to Carpenters' Hall and the events that took place in the old buildings and then on into Independence Hall.

I think it will make a very fine and complete story, and that is our interpretative story.

The central Mall is going to be more of an open thing. The blocks were not anywhere as near full of buildings as they are now. The plans show one here and one there and another one over there [indicating that there was some little distance between all buildings], and that is the type of thing we are going to try to do by elimination of buildings rather than by additional construction.

Just how soon before we get it completed and just how much it would cost, I cannot tell you at the present time; but next year we hope to have a full story for the committee and indicate how much we would like to have in the next budget.

UNITED STATES PARK POLICE

Mr. FENTON. Thank you. I would like to go into the Capital Park Police situation, and I am glad to learn from the superintendent that things seem to be a little bit better than they were, as far as numbers of police are concerned.

Mr. GARTSIDE. That is true.

Mr. FENTON. But I was a little concerned about the increase in arrests, and so forth.

Mr. GARTSIDE. Dr. Fenton, we were a bit concerned too. As I said, I regretted to report it because we think with ideal policing there would be no arrests. However, there are a number of people who do not want to comply with law and regulations, and we have no alternative but to make arrests when they commit offenses.

However, only 432 of the 18,781 arrests last year were of the serious type like rape, assaults, auto thefts, and sex offenses.

Mr. FENTON. And murders?

Mr. GARTSIDE. We did not have any murders. We had four manslaughter cases, negligent manslaughter, but we must consider that the use of the capital park system is increasing at a rate of about 5 percent a year since 1947.

I think it is very significant that in spite of a 20- to 25-percent increase in use that the more serious types of crimes have been reduced from 900 in 1948 down to 432.

As I said, that was due largely to the help of this committee in getting us 40 men back in 1950. I do want to point out, however, that we are requesting 21 additional privates, a sergeant, and a corporal, 17 of which are for the Baltimore-Washington Parkway policing problem, that if at any time in the future the Congress and the department decide to turn that over to State responsibility, that we would still need these police to help us adequately protect the public in the remaining areas of our jurisdiction.

There is no substitute for having a policeman present as a deterrent to crime.

Mr. FENTON. I agree with you thoroughly.

(Discussion off the record.)

Mr. JENSEN. Mr. Flynn, is there anything you would like to say before the hearing closes?

Mr. FLYNN. No, sir.

Mr. JENSEN. We want to say we are very glad to have you here. I suppose this is the first hearing you have attended, is it not?

Mr. FLYNN. On Park Service, yes, sir.

Mr. JENSEN. Thank you, gentlemen.

Mr. WIRTH. Thank you, Mr. Chairman.

TUESDAY, FEBRUARY 2, 1954.

GEOLOGICAL SURVEY

WITNESSES

FELIX E. WORMSER, ASSISTANT SECRETARY FOR MINERAL RESOURCES
WILLIAM E. WRATHER, DIRECTOR
GERALD FITZGERALD, CHIEF TOPOGRAPHIC ENGINEER
WILMOT H. BRADLEY, CHIEF GEOLOGIST
CARL G. PAULSEN, CHIEF HYDRAULIC ENGINEER
HAROLD J. DUNCAN, CHIEF, CONSERVATION DIVISION
GLENDON J. MOWITT, EXECUTIVE OFFICER

Mr. FENTON. The committee will come to order.

We have with us today Dr. Wrather, Director of the Geological Survey, together with the Assistant Secretary for Mineral Resources, Mr. Wormser. We are glad to have you here.

Mr. WORMSER. Thank you.

Mr. FENTON. We are always glad to have you here with us. And certainly we are always happy to see Dr. Wrather.

Mr. WRATHER. Thank you, sir.

GENERAL STATEMENT OF DIRECTOR

Mr. FENTON. Dr. Wrather, do you have a preliminary statement to make?

Mr. WRATHER. A very brief one; yes, sir.

I welcome this opportunity to support our appropriation request for 1955.

The courteous understanding and support which this committee and the Congress have extended to the Geological Survey have been most encouraging. The Survey has been able to render better public service in recent years by increasing its activities to meet the most pressing needs of the Nation.

Close attention has been given, in the preparation of the appropriation request this year, to achieve practical economy without too greatly hampering essential work. Each element has been analyzed to ascertain if the work should be done by the Federal Government, if it should be done now, and at the rate requested. The requested appropriation for fiscal 1955 is $27.3 million compared with $28.9 million for fiscal 1954.

In evaluating the Survey appropriation request, I am sure you will agree that the natural resources programs are among the most fundamental responsibilities of the Department of the Interior. The several programs of the Geological Survey contribute to the better husbandry of our heritage of natural resources. They are a long-term investment in behalf of a high standard of living and a strong national defense.

In the light of current and foreseeable demands, knowledge of the geology and the geologic resources of the United States is notably inadequate. Water shortages have increased in number and magnitude as our industrial, agricultural, and municipal water requirements have expanded. Topographic maps are needed in many areas where

mineral and water investigations should be undertaken, where engineering projects are contemplated, and in areas to which the Department of Defense has allocated a high priority. Increasing mineral development on the public land, including the new offshore oil development, has strained our ability to provide proper supervision and land classification of the leased mineral deposits.

The resources programs of the Geological Survey are designed to provide services and data which we believe contribute far more value to the national economy than they cost. The written justifications now before you give more detailed explanations of the functions carried on by the Survey and the proposed program.

STATEMENT OF ASSISTANT SECRETARY FOR MINERAL RESOURCES

Mr. FENTON. Mr. Wormser, do you have a preliminary statement to make?

Mr. WORMSER. Very briefly, Mr. Chairman. In the first place, I am delighted to be here with you again, sir. And I would like to tell you that since coming to the Department, I have been somewhat distressed to find the functions of the Survey scattered over so many areas of the district. This does not, I believe, contribute to the efficient functioning of the Survey or the proper protection of Government property. And I was pleased to see that your committee is already alert to this situation.

I feel it is a problem that we must solve somehow or other in the interest of seeing that this great agency of our Department can carry on its work in the best manner possible. And I am merely here, Mr. Chairman, to suggest that, between your committee and the Department, perhaps we can work out this problem which I recognize is not an easy one to handle at the moment. But I want to tell you that I am sincerely interested in working with you, sir, to try to find an answer if it is at all possible.

SPACE SITUATION

Mr. FENTON. I have searched these justifications; and I find nothing to take care of that situation. We discussed it at length last year, you know. It was on my mind to bring it out later in the hearings but as long as you brought it up at this time, we might ask Dr. Wrather just how far you got with your negotiations toward coordinating your space downtown?

Mr. WRATHER. Well, sir, you recall we took up with the committee last year the fact that for several years we thought there was a strong probability of Congress passing lease-purchase legislation, which would have provided the means for securing a building. We were disappointed as well as, I am sure, the committee was, that the bill did not pass. We discussed last year the fact that for several years we have been planning and looking forward toward a new building which would be a functional building and would take care of the laboratory needs and the special needs of the Survey.

We are not asking for an office building. There would be offices in the proposed building but it would be designed primarily around the needs for such facilities as a map printing plant, expanded facilities for the library, and laboratories equipped for various types of investi-

gations. All three requirements are functional in nature and require special design. Most of the quarters we occupy now are improvised quarters in which they have been adapted for use. They are unsatisfactory at best in respect to lighting and air conditioning and humidity control and things of that sort which oftentimes are required.

So the thing we ardently hope for is a building in which we can assemble all of these functions in one place where we can have efficient operation. A mere move from one place to another does not solve anything. We need to have a permanent headquarters for the activities which must be prosecuted in the Washington area. As you remember, in our appropriation for the last 3 years, we have had a capital outlay item of $900,000. It provided for rehabilitation of the space in Denver and for the occupancy, equipment, and so forth, of new space in Menlo Park in California, giving us a Rocky Mountain center and also one on the Pacific coast. Those two buildings are near completion. I think perhaps during the current year all the necessary arrangements will have been made in the Denver space. The Menlo Park building is completed and is now being occupied. But we are still left with this situation of great dispersal in the Washington area. The money available in the capital-outlay item for equipping a Washington facility has not been utilized in the absence of lease-purchase authorization.

Mr. Jensen suggested last year in the hearing, you recall, that we prepare a bill, to be presented to Congress which would authorize the construction of a building in the Washington area. Following his suggestion, we have prepared such a bill. It has been cleared through the Department; it has been discussed with the General Services Administration; and it has been forwarded to the Department for transmittal to the Budget Bureau. That is its present status.

The bill would authorize, in the failure of this lease-purchase legislation, a building which would then later be supplemented by requests for appropriate appropriations. In order to proceed in an orderly fashion and not to lose time, we propose the use of a portion of the $900,000 capital-outlay item already in our appropriations for 1954. We have expended $500,000 of that amount for new equipment and the provision of new space in Denver and Menlo Park. We are proposing to ask the committee for appropriate wording to authorize us to continue the remaining $400,000 as a fund available for the procurement of the necessary site and for the planning and writing of specifications for a new building in the Washington area.

In other words it would be used for the completion of the planning to the stage of an offering for bids for construction. That language will undoubtedly be forwarded to you through regular channels. But in essence that is what we hope to do. We hope to have that money left in our account and earmarked for a specific purpose; and not have it available for general use. We wish to do that so that we can work it in an orderly fashion without the limitations imposed by the ordinary lapsing of funds at the end of the year. The language is needed at the present time in the present appropriations which will keep us rolling toward the objective until we see our way clear on the final authorization.

Mr. FENTON. I think it is very necessary. I am sure as far as this committee is concerned and that you will have our support on it.

Is there anything you could tell us, Doctor, about the survey teamwork in the Geological Survey?

Mr. WRATHER. Well, the survey team has been at work—Mr. Wormser, when did they start?

Mr. WORMSER. I would say about 2½ months ago, Doctor.

Mr. WRATHER. Yes. And they have made their investigations both in Washington and in the field. And at the present time, they are engaged in drafting a report to the Secretary. That draft, I understand, is not yet complete but it is my understanding that they are to meet very shortly; perhaps at the end of this week. They are to meet as a committee to go over the final recommendations and to whip the document into final shape for submission. Then I presume it will be transmitted to the Secretary.

Mr. FENTON. Have you anything to add, Mr. Wormser?

Mr. WORMSER. No. We are all looking forward to this report. I am impressed with the thoroughness and the conscientiousness with which this committee tackled this job, and I am sure they are coming forward with something which will help Dr. Wrather and help the Secretary and help your committee, sir, in arriving at some of the important decisions that you have to make.

Mr. Chairman, may I, for the sake of the record, introduce the names of the committee that made the survey. I don't believe that has appeared in any of the proceedings, has it?

Mr. WRATHER. I don't think so.

Mr. FENTON. Yes, if you will.

Mr. WORMSER. It might be a good plan to have that incorporated right at this point.

The chairman was Dr. Robert Van Pelt, president of the Montana School of Mines. The other members of the Committee are Mr. Horace Albright, president of the United States Potash Co.; Mr. William B. Heroy, a petroleum geologist at Dallas, Tex.; Mr. John Frye, director of the Geological Survey of Kansas; Mr. Donald Davidson, vice president of the E. J. Longyear Co.; and Samuel Lasky of the Department. That comprises the committee, Mr. Chairman.

SURVEYS, INVESTIGATIONS, AND RESEARCH

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$25,362,685	$27,750,000	$27,335,000
Reimbursements from non-Federal sources	4,798,126	4,803,500	4,421,500
Reimbursements from other accounts	879,957	995,500	805,500
Total available for obligation	31,040,768	33,549,000	32,562,000
Unobligated balance, estimated savings	−602,517	−800,000	
Obligations incurred	30,438,251	32,749,000	32,562,000
Comparative transfer from "Construction and rehabilitation, Bureau of Reclamation"	3,346,826	1,932,467	
Total obligations	33,785,077	34,681,467	32,562,000

NOTE.—Reimbursements from non-Federal sources above are from States and municipalities for expenses incurred in making cooperative topographic and geologic surveys and water-resources investigations (43 U. S. C. 48), proceeds from sale to the public of copies of photographs and records (43 U. S. C. 45), proceeds of sale of personal property (40 U. S. C. 481 (c)), and reimbursements from permittees and licensees of the Federal Power Commission (16 U. S. C. 797). This account receives an advance of $400,000 each year from the "Cooperative advance, revolving fund," and repays it after the close of the year.

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
Direct Obligations			
Appropriated funds:			
1. Topographic surveys and mapping	$12,958,490	$12,733,390	$12,290,000
2. Geologic and mineral resource surveys and mapping	5,901,126	6,444,040	5,460,000
3. Water resources investigations	7,118,187	7,245,037	7,025,000
4. Soil and moisture conservation	43,700	100,000	100,000
5. Classification of lands	359,743	410,000	410,000
6. Supervision of mining and oil and gas leases	1,020,999	1,195,000	1,300,000
7. General administration	696,087	755,000	750,000
Total obligations from appropriated funds	28,098,332	28,882,467	27,335,000
Reimbursements from non-Federal sources:			
1. Topographic surveys and mapping	1,791,432	1,820,000	1,325,000
2. Geologic and mineral resource surveys and mapping	228,901	177,000	190,000
3. Water resources investigations	2,767,282	2,805,000	2,905,000
5. Classification of lands	319	500	500
6. Supervision of mining and oil and gas leases	18,854	1,000	1,000
Total obligations payable out of reimbursements from non-Federal sources	4,806,788	4,803,500	4,421,500
Total direct obligations	32,905,120	33,685,967	31,756,500
Obligations Payable Out of Reimbursements From Other Accounts			
1. Topographic surveys and mapping	384,130	300,000	300,000
2. Geologic and mineral resource surveys and mapping	81,443	315,000	125,000
3. Water resources investigations	406,773	375,000	375,000
5. Classification of lands	1,769	1,500	1,500
6. Supervision of mining and oil and gas leases	5,842	4,000	4,000
Total obligations payable out of reimbursements from other accounts	879,957	995,500	805,500
Total obligations	33,785,077	34,681,467	32,562,000

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
GEOLOGICAL SURVEY			
Summary of Personal Services			
Total number of permanent positions	4,936	5,097	5,008
Full-time equivalent of all other positions	928	912	907
Average number of all employees	5,634	5,764	5,590
Average salaries and grades:			
General schedule grades:			
Average salary	$4,553	$4,578	$4,608
Average grade	GS–6.8	GS–6.8	GS–6.8
Personal service obligations:			
Permanent positions	$21,314,286	$22,040,000	$21,552,000
Other positions	2,177,036	2,138,000	2,110,000
Regular pay in excess of 52-week base	83,810	85,000	83,000
Payment above basic rates	368,670	132,000	130,000
Total personal service obligations	23,943,802	24,395,000	23,875,000
Direct Obligations			
Appropriated funds:			
01 Personal services	19,459,977	19,770,000	19,690,000
02 Travel	1,957,120	2,010,000	1,990,000
03 Transportation of things	149,066	160,000	155,000
04 Communication services	127,130	290,000	305,000
05 Rents and utility services	252,426	255,000	95,000
06 Printing and reproduction	503,347	530,000	555,000
07 Other contractual services	1,181,733	1,420,000	1,180,000
Services performed by other agencies	465,160	875,000	345,000
08 Supplies and materials	1,687,371	1,885,067	1,707,000
09 Equipment	1,253,294	1,580,000	1,230,000
10 Lands and structures		23,000	
13 Refunds, awards, and indemnities	8,713		
15 Taxes and assessments	86,613	88,000	86,600
Subtotal	27,131,950	28,886,067	27,338,600

Obligations by objects—Continued

Object classification	1953 actual	1954 estimate	1955 estimate
GEOLOGICAL SURVEY—continued			
Direct Obligations—Continued			
Deduct charges for quarters and subsistence	$3,172	$3,600	$3,600
Total obligations from appropriated funds	27,128,778	28,882,467	27,335,000
Reimbursements from non-Federal sources:			
01 Personal services	3,794,697	3,840,000	3,355,000
02 Travel	200,465	199,000	180,000
03 Transportation of things	14,522	14,000	12,000
04 Communication services	16,797	16,000	15,000
05 Rents and utility services	31,512	35,000	28,000
06 Printing and reproduction	62,811	65,000	57,000
07 Other contractual services	194,759	198,000	193,000
Services performed by other agencies	70,302	25,000	21,000
08 Supplies and materials	238,333	243,800	211,900
09 Equipment	177,821	163,000	144,000
13 Refunds, awards, and indemnities	110		
15 Taxes and assessments	4,659	4,700	4,600
Total obligations out of reimbursements from non-Federal sources	4,806,788	4,803,500	4,421,500
Total direct obligations	31,935,566	33,685,967	31,756,500
Obligations Payable Out of Reimbursements From Other Accounts			
01 Personal services	689,128	785,000	630,000
02 Travel	47,917	72,000	44,000
03 Transportation of things	11,368	15,000	12,000
04 Communication services	4,689	3,000	4,000
05 Rents and utility services	2,563	3,000	3,000
06 Printing and reproduction	12,153	10,000	10,000
07 Other contractual services	23,641	21,000	20,000
Services performed by other agencies	2,705	3,000	3,000
08 Supplies and materials	62,399	59,500	56,700
09 Equipment	22,565	23,000	22,000
15 Taxes and assessments	829	1,000	800
Total obligations payable out of reimbursements from other accounts	879,957	995,500	805,500
Total obligations	32,815,523	34,681,467	32,562,000
ALLOCATION TO BUREAU OF MINES			
Total number of permanent positions	2		
Average number of all employees	2		
Average salaries and grades:			
General schedule grades:			
Average salary	$4,731		
Average grade	GS–7.0		
01 Personal services:			
Permanent positions	$6,303		
Other positions	244		
Regular pay in excess of 52-week base	21		
Payment above basic rates	198		
Total personal services	6,766		
03 Transportation of things	120		
04 Communication services	24		
05 Rents and utility services	90		
06 Printing and reproduction	10		
07 Other contractual services	185		
08 Supplies and materials	1,770		
15 Taxes and assessments	35		
Total obligations	9,000		
ALLOCATION TO NATIONAL PARK SERVICE			
Average number of all employees	1		
01 Personal services: Positions other than permanent	$5,317		
02 Travel	6,374		
03 Transportation of things	1,109		
04 Communication services	20		
05 Rents and utility services	350		

Obligations by objects—Continued

Object classification	1953 actual	1954 estimate	1955 estimate
ALLOCATION TO NATIONAL PARK SERVICE—continued			
06 Printing and reproduction	$184		
07 Other contractual services	131		
08 Supplies and materials	6,021		
09 Equipment	3,737		
15 Taxes and assessments	36		
Total obligations	23,279		
ALLOCATION TO GENERAL SERVICES ADMINISTRATION			
07 Other contractual services	11		
08 Supplies and materials	1,052		
09 Equipment	234,122		
10 Lands and structures	702,090		
Total obligations	937,275		
SUMMARY			
Summary of Personal Services			
Total number of permanent positions	4,938	5,097	5,008
Full-time equivalent of all other positions	929	912	907
Average number of all employees	5,637	5,764	5,590
Average salaries and grades:			
General schedule grades:			
Average salary	$4,553	$4,578	$4,608
Average grade	GS-6.8	GS-6.8	GS-6.8
Personal service obligations:			
Permanent positions	$21,320,589	$22,040,000	$21,552,000
Other positions	2,182,597	2,138,000	2,110,000
Regular pay in excess of 52-week base	83,831	85,000	83,000
Payment above basic rates	368,868	132,000	130,000
Total personal service obligations	23,955,885	24,395,000	23,875,000
Direct Obligations			
Appropriated funds:			
01 Personal services	19,472,060	19,770,000	19,690,000
02 Travel	1,963,494	2,010,000	1,990,000
03 Transportation of things	150,295	160,000	155,000
04 Communication services	127,174	290,000	305,000
05 Rents and utility services	252,866	255,000	95,000
06 Printing and reproduction	503,541	530,000	555,000
07 Other contractual services	1,182,060	1,420,000	1,180,000
Services performed by other agencies	465,160	875,000	345,000
08 Supplies and materials	1,696,214	1,885,067	1,707,000
09 Equipment	1,491,153	1,580,000	1,230,000
10 Lands and structures	702,090	23,000	
13 Refunds, awards, and indemnities	8,713		
15 Taxes and assessments	86,684	88,000	86,600
Subtotal	28,101,504	28,886,067	27,338,600
Deduct charges for quarters and subsistence	3,172	3,600	3,600
Total obligations from appropriated funds	28,098,332	28,882,467	27,335,000
Reimbursements from non-Federal sources:			
01 Personal services	3,794,697	3,840,000	3,555,000
02 Travel	200,465	199,000	180,000
03 Transportation of things	14,522	14,000	12,000
04 Communication services	16,797	16,000	15,000
05 Rents and utility services	31,512	35,000	28,000
06 Printing and reproduction	62,811	65,000	57,000
07 Other contractual services	194,759	198,000	193,000
Services performed by other agencies	70,302	25,000	21,000
08 Supplies and materials	238,333	243,800	211,900
09 Equipment	177,821	163,000	144,000
13 Refunds, awards, and indemnities	110		
15 Taxes and assesments	4,659	4,700	4,600
Total obligations payable out of reimbursements from non-Federal sources	4,806,788	4,803,500	4,421,500
Total direct obligations	32,905,120	33,685,967	31,756,500

Obligations by objects—Continued

Object classification	1953 actual	1954 estimate	1955 estimate
SUMMARY—continued			
Obligations Payable Out of Reimbursements From Other Accounts			
01 Personal services	$689,128	$785,000	$630,000
02 Travel	47,917	72,000	44,000
03 Transportation of things	11,368	15,000	12,000
04 Communication services	4,689	3,000	4,000
05 Rents and utility services	2,563	3,000	3,000
06 Printing and reproduction	12,153	10,000	10,000
07 Other contractual services	23,641	21,000	20,000
Services performed by other agencies	2,705	3,000	3,000
08 Supplies and materials	62,399	59,500	56,700
09 Equipment	22,565	23,000	22,000
15 Taxes and assessments	829	1,000	800
Total obligations payable out of reimbursements from other accounts	879,957	995,500	805,500
Total obligations	33,785,077	34,681,467	32,562,000

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year	$2,660,752	$2,399,770	$2,049,770
Adjustment in obligations of prior years	269,031		
Obligations incurred during the year	30,438,251	32,749,000	32,562,000
	33,368,034	35,148,770	34,611,770
Deduct:			
Reimbursements	5,678,083	5,799,000	5,227,000
Unliquidated obligations, end of year	2,399,770	2,049,770	2,884,770
Total expenditures	25,290,181	27,300,000	26,500,000
Expenditures are distributed as follows:			
Out of current authorizations	23,037,111	25,700,000	25,500,000
Out of prior authorizations	2,253,070	1,600,000	1,000,000

Mr. FENTON. Dr. Wrather, you are asking for $27,335,000 as against $27,750,000 for fiscal 1954, or a reduction of $415,000. However, the actual decrease is $1,890,000 since the estimate includes $1,475,000 for activities previously carried in the Bureau of Reclamation appropriation.

Mr. WRATHER. Yes. The figures are set forth in the comparative statement on page 1. The first item, the plus item, is the support derived from Missouri Valley funds; and the third item, the minus item of $800,000, represents funds that have been held in reserve by the Budget Bureau.

Mr. FENTON. Yes.

SUMMARY OF JUSTIFICATION DATA

We will insert the table on page 1 of the justification at this point.

(The material referred to is as follows:)

Surveys, investigations, and research

Appropriation Act, 1954		$27,750,000
Comparative transfer from "Construction and Rehabilitation, Bureau of Reclamation"		+1,932,467
Unobligated balance, estimated savings		−800,000
Adjusted appropriation		28,882,467
Decreases:		
Topographic surveys and mapping	$443,390	
Geologic and mineral resource surveys and mapping	1,056,040	
Water resources investigations	420,037	
General administration	5,000	1,924,467
Subtotal		26,958,000
Increases:		
Geologic and mineral resource surveys and mapping	$72,000	
Water resources investigations	200,000	
Supervision of mining and oil and gas leases	105,000	377,000
Budget estimate, 1955		27,335,000

Mr. WRATHER. The increases are confined to three items. One is geologic and mineral resource surveys and mapping, in which it is highly desirable that the Survey assume that amount of money in the prosecution of a highly classified project for the Defense Department. There are $200,000 for water resources investigations to take care of the State cooperative program—an increase in the State cooperative program. Supervision of mining and oil and gas leases deals primarily with the expansion to take care of the offshore leasing on the gulf coast.

Mr. FENTON. Last year you stressed the need for increased topographic mapping due to the increased demand of the military in emergencies and increased civilian requirements. Likewise, due to our industrial expansion program. You have had many demands made upon you for information on our water resources.

Now can you give us any idea how the picture looks at this time?

Mr. WRATHER. Shall we take it up in the regular order in the justification?

Mr. FENTON. Yes.

ANALYSIS BY ACTIVITIES

Mr. WRATHER. First is the analysis of our activities on page 2 of the justification.

Mr. FENTON. We will insert that into the record at this point, please.

(The table referred to follows:)

Analysis by activities

Activities	Adjusted appropriation	Decreases	Subtotal	Estimate, 1955	Increases
1. Topographic surveys and mapping	$12,733,390	$443,390	$12,290,000	$12,290,000	----------
2. Geologic and mineral resource surveys and mapping	6,444,040	1,056,040	5,388,000	5,460,000	$72,000
3. Water resources investigations	7,245,037	420,037	6,825,000	7,025,000	200,000
4. Soil and moisture conservation	100,000	----------	100,000	100,000	----------
5. Classification of lands	410,000	----------	410,000	410,000	----------
6. Supervision of mining and oil and gas leases	1,195,000	----------	1,195,000	1,300,000	105,000
7. General administration	755,000	5,000	750,000	750,000	----------
Total	28,882,467	1,924,467	26,958,000	27,335,000	377,000

Mr. WRATHER. The table gives the comprehensive comparison broken down by activities. In most of these instances, you will note that there are decreases due to cutting down the overall budget within the budget ceilings proposed by the President.

The analysis does not indicate all the work that we ought to be doing by any means. It indicates merely our willingness to go along in the economy program and to trim our work, our program, to the President's budget. These several items are dealt with in greater detail in the following pages. I think we can pass by the preliminary pages of justification in topography since it recounts material that is already familiar to the committee.

Mr. FENTON. All right.

TOPOGRAPHIC SURVEYS AND MAPPING

Mr. WRATHER. And turn our attention to page 8 which shows the breakdown of topography. In our standard mapping program we are asking this year for $11,185,000. And in the small-scale map compilation $105,000. For map revision and maintenance, we are asking for the sum of $1 million which makes provision for taking care of keeping maps up to date, with the necessary revisions so that they are currently useful.

The second table on that page shows the breakdown of the standard quadrangle mapping. Under the heading are listed both the 1:24,000 scale and the 1:62,500 scale standard maps which we now produce. The large part of the item, of course, is for the larger-scale 1:24,000 map, the demand for which grows out of the increased use of such maps for not only the military but also for industrial and other uses.

You will note somewhat of a departure from the language used in our past justification where we used the terms "engineering mapping" and "general purpose mapping." We are dropping those terms and are simply designating the maps by the two scales which are the standard scales for the maps that are the backbone of our program. The table on page 9, shows the amount of money to be utilized for the 7½-minute series and the 15-minute series.

Mr. FENTON. I believe we had an explanation of that particular type of mapping in last year's hearings.

Mr. WRATHER. Yes. We went over that in some detail last year.

There is an increasing demand for maps on larger scales, as the country becomes more highly developed, and as these maps are more

widely used for all sorts of engineering and resource studies. We have had an increasing demand for the larger scale mapping on the 1:24,000 scale which means that each sheet covers 50 to 60 square miles depending on the latitude.

Mr. FENTON. Of course, this map revision is related to the demand——

Mr. WRATHER. Yes, the map revision is to try to keep our maps current, and keep them revised so that the maps do not lose their usefulness through failure to spend a little additional money in making revisions from time to time.

PROGRAM IN OHIO

Mr. KIRWAN. Let me ask a question. On page 12, I see that under the column "1955 estimate" Ohio is blank. That is the only State I see that is blank. They didn't cooperate; is that it?

Mr. FITZGERALD. The only cooperation in the State of Ohio is with Mahoning County. That work is completed.

Mr. KIRWAN. That is the only part of the whole State that is called upon; is that it?

Mr. FITZGERALD. Yes, the only county that is cooperating. That is not all the mapping that is being done in the State. There are several areas in the State that are being mapped at the present time.

Mr. KIRWAN. They do not suggest anything for 1955?

Mr. FITZGERALD. Not under cooperation; but we do have a scheduled program of several areas in the State that we proposed to work in 1955.

Mr. KIRWAN. That is what attracted my attention. That is the only State that doesn't have any money in there.

Mr. FITZGERALD. There are several States that do not cooperate.

Mr. KIRWAN. I mean in this list.

Mr. FITZGERALD. That is right. That is because the work that we have been doing in cooperation with Mahoning County has been completed.

Mr. KIRWAN. I think you have done a good job from all the talk in the county to the effect that you saved them quite a bit of money.

Mr. FITZGERALD. I believe so, because a great many of the other counties are now inquiring about a possible project of the same nature. It is generally realized in Ohio that most of the maps in the State are very old; and that we need to revise or remap them.

Some of them are not worth revising, because they were made more than 50 years ago. I think it is realized in Ohio now that new maps are needed at a larger scale, particularly since Kentucky has completed, or is rapidly completing, the entire state on the larger scale.

Mr. KIRWAN. On the basis of what you did in Mahoning County in Ohio, you think that the rest of the State, and rightfully so, is going to find that it will fall in line? You think that they are going to get inquisitive and find out what you did in Mahoning County? And that would probably go for most States in the Union.

Mr. FITZGERALD. I think that is true, especially those States that are now attempting to provide information to attract new industry.

The State of Ohio is completely covered by maps on the scale of 1:62,500. And that program was carried on from 1903, I think, until

1915. In other words, those maps were completed before the great industrialization of the State of Ohio.

Since that time, there has been great concentration of industrial activity in many parts of the State, so there is a demand for much better mapping than was provided by the early mapping.

COOPERATION OF STATES IN MAPPING PROGRAM

Mr. FENTON. How are the States cooperating in the mapping program?

Mr. WRATHER. Mr. Fitzgerald can most appropriately answer that question.

Mr. FITZGERALD. There are 30 States that are now cooperating in topographic mapping. Two—Kentucky and California—of course have much larger programs than the other States. The cooperation as far as we can anticipate it now will be about a half-million dollars less next year, due principally to the fact that the mapping of Kentucky is nearing completion and their cooperation will be reduced from $858,530 to $400,000 in the next fiscal year.

In other words, Kentucky is about to finish a program started 5 years ago to complete the whole State under a cooperative program with the Federal Government.

Mr. FENTON. Are the maps prepared in your State cooperative program of a kind that fit into our overall mapping program—the priorities on which it is based?

Mr. FITZGERALD. They are prepared to our standard specification and are a part of the national topographic mapping series. The thing that the State gains really from a cooperative program is the expediting of the work and the establishment of priorities within the State. If a State feels a need of expediting its mapping they provide money to expand the mapping in that State, because the total funds given to us annually which must be divided among the 48 States, Alaska, and the Territories of Hawaii and the Virgin Islands, do not go very far for mapping in each individual State. The cooperative program simply expedites the mapping most urgently needed in the various States that are cooperating.

Mr. FENTON. States that contribute as much as some of these States indicated here on page 12; do they receive priority on the mapping?

Mr. FITZGERALD. Only for the quadrangles that are covered by cooperation, that is correct; yes, sir.

Arkansas, for instance this year with $4,000, may have one quadrangle that is of particular interest. That is all the money they have for cooperation and it is matched by a like amount. That one quadrangle only is given a priority. Other mapping in the State is apportioned to the overall requirements of the Nation. In other words the State is given priority only for those quadrangles which they select and for which they pay half the cost.

Mr. FENTON. It does not interfere with your overall mapping?

Mr. FITZGERALD. Not at all. In general, the cooperative mapping overlaps a great many other requirements. As an illustration, California, as shown on this map, the green indicates areas covered by the cooperative program. It also covers a great many of the military requirements and other civil-agency requirements in the State. In

spite of this the State feels that it is a good investment to process these maps as rapidly as possible under a cooperative program.

Mr. JENSEN. In this cooperative mapping program, the maps you make for the States, I presume you naturally keep a copy yourself.

Mr. FITZGERALD. They are exactly the same kind of maps and are published as a part of our national map series. They are not different. The State cooperator gets a certain number of copies for official use, but in every respect, the map, its appearance, content, and general specifications are exactly the same as for the maps we make of all the States under our overall mapping program.

Mr. JENSEN. Military excluded?

Mr. FITZGERALD. Military not excluded. There is no distinction. We do not make special maps for anyone. We have two principal series: the 7½-minute and 15-minute quadrangles. And the maps that the cooperator requests and pays for are published as a part of the national topographic map series. The cooperators' name generally is included on the heading of the map. That is a custom that was established many, many years ago.

Mr. JENSEN. Is it your wish or aim to have every State in the Union mapped?

Mr. FITZGERALD. Yes, every State in the Union should be mapped completely, and as rapidly as possible.

Mr. JENSEN. When do you think that might be accomplished?

MAPPING PROGRESS

Mr. FITZGERALD. At the present rate, it will be accomplished in approximately 30 or 40 years. It is difficult to plan, because a great many of our maps are becoming obsolete faster than new maps are made available. As pointed out, maps of Ohio and Iowa are in this category.

The maps that were adequate for State use, or military use, say, 10 years ago are no longer adequate.

Mr. JENSEN. Why?

Mr. FITZGERALD. Mostly because of scale and contour interval. The detail shown on the map is not satisfactory. The maps actually are not accurate enough. They were made at a time when aerial photographs, for instance, were not available. We did not have the techniques and methods that we have now for preparing accurate maps.

Mr. JENSEN. Can you take a photograph of an area of land and by that photograph determine the contour, the elevations?

Mr. FITZGERALD. Yes, sir.

Mr. JENSEN. And you can draw in the contours?

Mr. FITZGERALD. That is right.

Mr. JENSEN. From an aerial map?

Mr. FITZGERALD. From an aerial photograph taken 20,000 feet in the air or 40,000 feet in the air. It depends on the contour interval used.

Normally our photography is accomplished at about 20,000 feet for 20- or 40-foot contours.

Mr. JENSEN. Since you have now arrived at this point of perfection, is there any possibility that the maps you are making today will be obsolete in a few years?

Mr. FITZGERALD. No, sir. Only in one respect at publication scale.

The culture, or the works of man, such as highways, roads, buildings change constantly; so that after a period of say 10 years, which is what we call the revision cycle, maps must be brought up to date. This can be done very readily with modern methods.

Mr. JENSEN. But you don't need to go out and take another aerial view of it?

Mr. FITZGERALD. We do, because it is cheaper that way. The aerial view costs, for that purpose, $3 or $4 per square mile. And the culture can be added very rapidly. We do not have to reconstruct the framework of the map; we do not have to change contours.

Mr. KIRWAN. What is Kentucky doing that she is spending $400,000?

Mr. FITZGERALD. Kentucky decided 5 years ago that it would be a good investment for the State to complete the mapping. If they depended on our normal program, it would probably be 30 or 40 years before the entire State would be covered with new maps.

Kentucky was interested in preparing for an industrial expansion which was already taking place. The maps that have been prepared under this program have been invaluable for this purpose. They set up a program under an agreement with us that called for map coverage of the State in 5 years. Now, under our agreement with Congress and with this committee, we matched whatever funds the State put up. And we have matched Kentucky's money year by year, so that next year their mapping program will be completed as a result of this cooperation.

Kentucky, therefore, will be one of the first States to be adequately and completely covered by up-to-date modern topographic maps.

Mr. FENTON. Is there anything, any basic law, which makes it mandatory for the Federal Government to match these funds to the States?

Mr. FITZGERALD. Only in our appropriation act, sir. That statement has been included, every year since 1884, I believe, when our first cooperative program was initiated with the State of Massachusetts which was mapped under a cooperative program. Similar language is included in last year's bill as it has been each year.

Mr. FENTON. Will you cite the authority.

(The material referred to follows:)

The following is cited from page 9 Public Law 172, 83d Congress—Geological Survey:

"*Provided*, That the share of the Geological Survey in any topographic mapping or water resources investigations carried on in cooperation with any State or municipality shall not exceed 50 per centum of the cost thereof."

TOTAL PROGRAM

We will insert at this point in the record also pages 13 and 14 of the justification.

(The material referred to follows:)

TOTAL PROGRAM FOR TOPOGRAPHIC SURVEYS AND MAPPING

It should be emphasized that the total program of the Geological Survey in the activity of topographic surveys and mapping is larger than that part of the program which is financed solely from the direct appropriation. The funds to

finance this total program come to the Survey from several different sources. The details of these funds appear on page 99. Some of these outside funds supplement the directly appropriated funds in carrying out the normal mapping function of the Survey. Others are transferred by other agencies in order that they may utilize the facilities of the Survey on their specialized mapping problem. The funds available to carry out the Survey's mapping function are indicated below, as well as transfers and reimbursements for services on other programs:

	1954	1955
Directly appropriated funds	$12,733,390	$12,290,000
Other funds available for normal mapping program	2,006,351	1,305,000
Total for normal program	14,739,741	13,595,000
Funds for other programs	1,236,816	1,301,200
Total for activity	15,976,557	14,896,200

There follows a tabulation showing the percentage completion and actual and estimated production of the principal parts of the total normal program in fiscal years 1954 and 1955:

Standard quadrangle mapping	Completed as of June 30, 1953	Areas mapped (square miles)	
		1954 estimate	1955 estimate
	Percent		
Continental United States (3,043,000 square miles)	30	70,000	65,000
Alaska (586,400 square miles)	7.7	25,000	21,000
Revision of standard quadrangle mapping		20,000	20,000
		1954 maps to be published	1955 maps to be published
Standard quadrangle map:			
United States		945	940
Alaska		53	50
Small scale maps:			
United States		6	8
Alaska		7	4
Reprints		600	600

TRANSFERS FOR PROGRAMS OF OTHER AGENCIES

Mr. FENTON. And will you please explain why funds should be transferred from other agencies for your normal mapping program as indicated on page 13?

Mr. FITZGERALD. There were only 2 such items in the current program. One was "Atomic energy," an amount transferred from the Atomic Energy, which is listed on page 99 of $206,351 for maps. That money is for some mapping urgently needed and for which the Survey did not have funds to accomplish this year. The other item included is to cover the State cooperation, which this year is $1,800,000. And next year it is anticipated to be $1,305,000.

Mr. FENTON. In conjunction with that, do you exercise any control on what you will or will not do in the other mapping programs, for which funds are transferred to you, or do you take on everything?

Mr. FITZGERALD. We do not take on many outside projects with transferred funds unless they are either from the Department of Defense or the Atomic Energy Commission. We consider those both to be equally high-priority requirements.

We have only a certain amount of capacity to accomplish this overall program. As you know, we are commited by an exchange of correspondence between the Secretary of the Interior and the Secretary of War to accomplish the mapping needed by the Department of Defense for military purposes; so that that program must be given full consideration.

Mr. FENTON. In those other extracurricular mapping programs, do you find that it interferes with your general mapping program?

Mr. FITZGERALD. No, sir. Because there is an orderly procedure set up and carried out by the Bureau of the Budget for determining what the other Federal agencies need in mapping. And that is presented to us each year.

Obviously we cannot accommodate all requests. They are far beyond our capacity. But that information is used, insofar as we can adjust our program in formulating each succeeding year's mapping program. Every map-using department of the Federal Government—and there are a great many—ask us to do much more work each year than we can possibly accomplish. We therefore have to set the program up strictly on a priority basis. The final program is very carefully coordinated each year through a special office in the Bureau of the Budget.

Mr. FENTON. I see.

FUNDS AVAILABLE FOR 1953–55

At this point in the record we will insert the table with reference to topographic surveys and mapping on page 99.

(The table referred to is as follows:)

Amounts available for work of the Geological Survey, fiscal years 1953, 1954, and 1955, all sources (as of Jan. 1, 1954)

	1953	1954	1955
Topographic surveys and mapping:			
Geological Survey appropriation	$11,089,647	$11,580,000	$12,290,000
Comparative transfer from Bureau of Reclamation	1,868,843	1,153,390	
States, counties, and municipalities	1,746,488	1,800,000	1,305,000
Department of Defense:			
Department of the Air Force	905,424	834,027	907,000
Department of the Navy	22,511	8,489	
Atomic Energy Commission	186,749	206,351	
Foreign Operation Administration		19,300	19,200
Mutual Security Administration	21,835		
Miscellaneous Federal agencies	384,130	300,000	300,000
Sale to the public of copies of aerial photographs and other records	46,632	40,000	40,000
Sale of personal property	50,889	35,000	35,000
Total	16,323,148	15,976,557	14,896,200

GEOLOGIC AND MINERAL RESOURCE SURVEYS AND MAPPING

Mr. FENTON. Now we come to the "Geologic and mineral resources survey." Would you explain the chart that appears on page 18 of the justification.

Mr. BRADLEY. This is inserted to show the position of the United States with respect to this other group of countries in the stage of completion of the geologic mapping on adequate scales for modern uses. It is stated in two ways obviously; one on the percentage basis,

which makes it appear that we have a pretty small percentage in the country covered. It is merely another way of stating that it is a large country. Actually, the number of thousands of square miles is 350,000 approximately. But we still have a long way to go to have any genuine understanding of the geology and consequently the resources in the country.

Mr. FENTON. In other words, you are only 12 percent completed?

Mr. BRADLEY. Approximately, yes.

Mr. FENTON. Dr. Wrather, do you want to make a preliminary statement on geological mineral resources?

Mr. WRATHER. You will note that beginning with page 15 and extending to page 27, there is rather an extended discussion of the philosophy that lies behind our program.

Mr. FENTON. I read every word of it.

Mr. WRATHER. I think the committee will find it extremely helpful in understanding our concept of our obligations in geological investigations. It has been rewritten and brought up to date.

The table on page 27 is a breakdown of the funds for the Geologic Division. It shows the different categories that have customarily appeared in our justification: "Mineral deposits investigations," "Mineral fuels investigations," "General service geology"—geologic studies directed toward engineering and other specific purposes but accomplished by the same type of systematic geologic investigations that contribute to the completion of the geologic map of the country. The table also shows the item Alaskan mineral resources, which we have been accustomed to carrying in a separate item; and also "Capital outlay" item, which provided funds available for improvement of our housing situation.

You will notice the "Capital outlay" drops out this year. The $900,000 in our appropriation for 1954 for the completion of space includes the $400,000 to which I referred in my discussion of the need for funds for planning a new Washington headquarters. The total sum of $900,000 in the past, for convenience only, has been included under the Geologic Division activities.

The drop in total funds is from $6,444,000 to $5,460,000 for the current request.

Mr. FENTON. That is correct.

Mr. WRATHER. Perhaps we need not go into detail unless you have questions to ask with regard to these separate categories. Mineral deposits investigations—you are quite familiar with the type of work in that activity. It is a continuing activity directed toward a better understanding of the natural resources, the metallic and nonmetallic resources, of the country. And there are no new starts of any great consequence in the program. It is a continuation of the things that we have been doing consistently over the years.

Mr. FENTON. You are satisfied the program is continuing all right?

Mr. WRATHER. Yes, sir. Except that it is continuing at a far slower rate than the national economy demands. I believe the work of the Geological Survey is of such a fundamental nature in all of its aspects that it is one agency that should carry forward a substantial appropriation from year to year to more adequately meet the needs of the present industrial economy. I feel that—I say so without prejudice—I feel that the Survey is entitled to support because of the great usefulness of its work and the demonstrated fact that it

returns to the national economy infinitely more than the actual amount of money spent on it. The justification contains references to some examples of natural resources discovered as a result of these investigations.

Mr. FENTON. I thoroughly agree with you.

Mr. WRATHER. It is the sort of program that you can never draw a balance sheet on from year to year and say so many dollars spent and so many dollars earned.

In other words, the results are intangible; they are sometimes obscure. That is, the work of the Survey is sometimes obscured by the fact that the development which really is spectacular, the discovery of a big mineral deposit, comes as a result of work that is done years before in the regular course of activities of the Geological Survey, and, therefore, the Survey is never mentioned despite the fact that it is the primary agency through which these discoveries were actually made by the intelligent use of the data which the survey supplied.

Mr. BRADLEY. May I add something there, Dr. Fenton. I have said a number of times before this committee that, in general, the money the Government puts into this program is paid back in terms of new wealth several times over. I never tried to cast up the figures until the other day. I find that a rough estimate of how much, exclusive of transferred funds, the Government has put into the geologic work of the Geological Survey since it was founded 75 years ago is somewhere between $75 and $80 million. Then if one casts up on the other side of the ledger the total estimated value, at today's prices, of a few of the deposits whose discovery can be attributed to this geologic work, you come up with an amount 27 times the amount put into the surveys.

That only includes five discoveries actually that were attributed directly, quite directly, to the work of the Geologic Survey in this program. So it is paying back many times more than I really thought it had.

Mr. FENTON. Yes. I was amazed to see the amount of money that is derived from this particular work. I was also amazed to see the amount of money for distribution of the dividends or profits that are made. The Federal Government gets about 10 percent as I recall. The various other parties get 32½ percent.

Mr. BRADLEY. That is from royalties, you mean?

Mr. FENTON. Yes.

Mr. BRADLEY. Well, that really doesn't apply to this. The values that I stated were estimates of the value of the new deposits in the ground at present-day prices.

Mr. FENTON. Yes.

Mr. BRADLEY. Some of it, of course, will come back in the form of royalties.

Mr. FENTON. That is just an example of what can be done.

Mr. WRATHER. I think you are referring, Dr. Fenton, to the public lands.

Mr. FENTON. That is right.

To what extent do the immediate interests of private industry influence planning of your resources surveys?

Mr. BRADLEY. We take into consideration the requirements of the Nation rather than the requirements of any one particular industry or

company. A good example is the current requirement for more columbium and cobalt for the manufacture of jet engines. A significant part of our effort is going into work on these elements. Our program is based on all sources of information that we can get—what Government requirements are, what industry requirements are, what we learn from States, and from individuals. And then we try to balance those so as to dispose of our effort in the most useful directions.

NEED FOR RESOURCES DATA

Mr. FENTON. On page 15 of the justification, you mention that there is no past parallel for the need for the resource data in the history of the United States. The development of the machine age, with its enormous increase in the demand for mineral raw materials, has come about rapidly. The per capita consumption of minerals in the United States is estimated to have increased by about 250 percent in the past 50 years, and more than 100 different mineral commodities are now required by industry as against a total of only 56 in 1900.

Can you itemize or give a little more information on that?

Mr. BRADLEY. I think perhaps it would be more reliable if I were to submit a detailed list of those; because they are numerous, and if I try to give them from memory I will surely forget some.

Mr. FENTON. If you will do that.

Mr. BRADLEY. Yes.

(The material referred to follows:)

Metals and minerals listed in United States industrial markets of about 1900:

Aluminum	Asbestos	Monazite
Antimony	Asphalt	Natural gas
Bismuth	Barite	Ocher
Copper	Bromine	Petroleum
Chromium	Borax	Phosphate rock
Cobalt	Cement	Precious stones
Manganese	Clay	Pyrites
Mercury	Coal	Salt
Molybdenum	Corundum	Silica
Gold	Emery	Slate
Iron	Feldspar	Soapstone
Iridium	Fluorspar	Soda niter
Lead	Fuller's earth	Building stone
Nickel	Garnet	Lithographic stone
Platinum	Graphite	Strontium salts
Silver	Gypsum	Sulfur
Tin	Lepidolite	Talc
Tungsten	Magnesite	Uranium oxides
Zinc	Muscovite	

Additional metals and minerals that are now listed in United States industrial markets:

Andalusite	Hafnium	Potash
Aplite	Helium	Pyrophyllite
Bastnaesite	Ilmenite	Quartz crystals
Bauxite (abrasive)	Indium	Radium
Beryllium ore	Industrial diamonds	Rutile
Bitumen	Kyanite	Sand and gravel
Cadmium	Lithium minerals	Selenium
Calcium	Magnesite	Tantalum
Crocidolite	Magnesium	Tellurium
Calcite (Iceland spar)	Marl	Thallium
Columbium	Nepheline	Vanadium
Diatomite	Olivine	Vermiculite
Dumortierite	Palladium	Wollastonite
Epsomite	Peat	Zircon
Gallium	Perlite	
Germanium	Phlogopite	

Mr. WRATHER. Dr. Fenton, with improving technology there are minerals that are now becoming vitally important in the economy and in our military preparedness that up until very recent years were scarcely more than names; nobody knew much about them. Germanium is remaking the present electronics industry. It is found in small quantities in some coal beds and in some lead-zinc ores. Yet it is vitally important to find out where enough germanium can be obtained to meet the demands of the electronics industry. The same thing is true of zirconium and hafnium. Hafnium is another substance that is becoming increasingly important. A whole series of these substances that are now playing a vital role in industry and in our economy were known until very recent times only by the scientists and very little was known about their character, their extent, or their usefulness. Now a large amount of our effort is devoted to finding out where these minerals occur and where it may be possible to produce them in quantities adequate to meet demands. Some of those minor elements have an importance quite out of proportion in the total economy.

Mr. FENTON. Your statement on page 16 is very compelling, I believe. I quote what you say:

> The process by which authoritative resource data are obtained calls for careful geologic mapping and the integration and appraisal of a number of complicated factors. Generally speaking, it is too late to seek these data after the plans for development have been set or after the advent of an emergency. This is shown clearly by the experience of the mineral procurement agencies during World War II. Had adequate geologic mapping and resource appraisals been done prior to World War II, the mineral procurement program could have been achieved at considerably less cost in time, manpower, and money.

Mr. WRATHER. I think that is a very sound statement.

Mr. FENTON. Which again leads me to wonder: Are we proceeding fast enough in this program?

Mr. WRATHER. I have to express myself on that score. Our program is limited by the amount of money available and by the efficient personnel that we can get to do the job. It is not moving forward as rapidly as the economy demands. The justification contains the statement that if this geologic mapping and resource appraisal program is stepped up to an amount of approximately $24 million a year for a period of about 25 years we would have adequate basic information. By comparison, the amount of money actually being spent

at the present time falls far short of the best considered estimate that we can make.

I believe I quoted those figures correctly, did I not?

Mr. BRADLEY. Yes.

Mr. WORMSER. Mr. Chairman, may I also observe the fact that some of these rare metals that Dr. Bradley and Dr. Wrather are talking about are more prevalent in the crust of the earth than common lead or zinc, that we are working upon and discovering these metals and finding out how to extract them, that this work becomes increasingly important as time goes on. For instance, I am told that the metal hafnium is more common in the earth's crust than lead or zinc, which is a strange factor.

Mr. WRATHER. Metallic and nonmetallic elements are generally distributed throughout the rocks of the earth. The problem is not whether they are present, but whether you can get them out and get them out at a figure that is economically feasible.

Mr. JENSEN. You discover those with a seismograph?

Mr. WRATHER. They are discovered in various ways. Through geochemical prospecting and other converging techniques in the whole field of geology.

Mr. JENSEN. You said you discovered that many of these valuable metals are found in the crust of the earth. Do you mean they are close to the surface?

Mr. WORMSER. Well, I would say that what you define as the crust of the earth I leave to these distinguished men here. The Survey years ago made a study as to the quantities of various elements that we can find near the surface, within a few miles, say, of the surface. They have what they call the data of geochemistry—which tells us the most common elements and goes right down the scale of prevalence. In the order of scarcity, some of the metals which we consider common now are really behind other metals that are found to be quite prevalent in the crust of the earth.

I was impressed by that because this new metal, hafnium, which the Bureau of Mines is recovering at its experiment station which has become so useful to the Atomic Energy Commission, is a prime example of that situation. But the difficulty, as Dr. Wrather says, will be to get them out, because they are found in such minute amounts. You have a good illustration of that in uranium. It is found in comparatively low mineral content ores. But we are finding it in all kinds of places and finding ways to recover it. In time we will find ways to recover all of these metals. As a matter of fact, the rare metal station of the United States Bureau of Mines which is just being completed in Reno will devote the major part of its energies to developing our techniques for recovering rare metals. The Bureau will be looking for new techniques.

That is partly in answer to the problem which disturbs the chairman, and disturbs me too, as to how we are going to get enough of these materials as time goes on to satisfy our growing requirements.

Mr. JENSEN. Those metals which are found in ore in small quantities are very expensive to process.

Mr. WORMSER. Decidedly.

Mr. JENSEN. In fact, so expensive that private capital is at a terrific disadvantage in attempting to mine and to process them.

They know before they start that it is going to be a losing game for many years to come, and maybe always.

Mr. WORMSER. And in addition, Mr. Chairman, for some of these metals we have no really known application. We don't know for what particular use they can be used. We don't know what to do with them even if we do get them in commercial quantities.

Mr. WRATHER. There is an interesting case of that sort in a new mineral deposit in which the Survey has played an active part at Mountain Pass, in southern California.

Minerals discovered there in a very large commercial deposit have had very limited use in industry up until the present time. I have no doubt that an expanded use will soon be found for them and that they will be used to accomplish things not possible to accomplish without them. High-grade ore can be obtained in quantity from this very large ore deposit in contrast to its previous limited occurrence. I feel sure these minerals will fill an important niche in the economy. That is something for the metallurgists to determine.

Mr. JENSEN. We have thousands of mines in America closed down today because of the fact that the mineral content of the ore is so small that the mines are not commercially profitable; it is not financially feasible to mine them. And yet many of those ores are badly needed right here in our own economy. We are importing ore from all over the world.

A number of years ago, I introduced a bill which would provide that the Government support those strategic materials which we need so badly. I didn't get the bill through as you well know. But I think the time is coming when the Government is going to have to step into this picture; and especially if war would seem imminent.

I wonder now what is being done, if anything, to make it possible to to open some of those mines by some kind of a Government-support price. Is anything being done?

Mr. WORMSER. Nothing is being done, Mr. Chairman; but, as you know, the President appointed a Minerals Policy Committee under the chairmanship of the Secretary of the Interior; and that Committee is assiduously trying to develop a sound policy which will take into consideration some of the very things that disturb you and disturb me. So that we will make the utmost use of our still-great mineral resources in the United States.

Mr. JENSEN. Up to this time we have been quite fortunate in pulling through a war with the minerals and metals that we had. But something might cut off this supply. If it were ever cut off, we would be in a bad fix, as I see it.

Mr. WRATHER. That is why these programs should be prosecuted with vigor even during times of retrenchment. You cannot get that information in a hurry. It is a slow process of building and only by forehanded action can the data be assembled so we know where to turn in time of need.

Mr. JENSEN. I certainly agree with you.

HELIUM

Mr. KIRWAN. I want to ask a question along that line. Who discovered the process by which helium is now obtained?

Mr. WRATHER. I think that the Bureau of Mines was the pioneer—that is, in the extraction of large quantities of helium from natural gas.

It is a very rare gas found in recoverable quantities in very few places. For instance, out in New Mexico, in the Amarillo district, and Kansas.

Mr. KIRWAN. Was that a discovery of the Geological Survey or the Bureau of Mines?

Mr. WRATHER. The Bureau of Mines is processing it. The Survey, of course, has studied the occurrence of helium gas because that is our concern primarily but the technology of processing the elements is a function of the Bureau of Mines.

Mr. KIRWAN. Somebody testified here one day that helium at one time sold for about a thousand dollars a foot, or something like that. Now I guess you can get a thousand feet for a dollar. That is the way it was when they first tried to get it for a dirigible. It was so expensive. Later on when they discovered it and extracted it out of the natural gas, we had it in abundance. If we hadn't had the money to do that work, we wouldn't have it today. We cannot spend enough money to go over this Nation the way it should be gone over. It was all right when they had just gold and lead and a couple of other things. But now we have a hundred things and we should know where they are.

MINERAL SURVEY PROGRAM

Mr. FENTON. Insert at this point in the record the tables on pages 28, 29, and 32, showing the breakdown of the mineral survey program.

(The material referred to follows:)

The mineral deposits subactivity is distributed as follows:

Item	Adjusted appropriation, 1954	Decreases	Estimate, 1955	Increases
Nonferrous metals	$1,500,000	$262,000	$1,238,000	
Ferrous metals	465,000	82,000	383,000	
Industrial minerals	394,000	70,000	324,000	
Chemical minerals	353,000		425,000	$72,000
Rare metals	265,000	45,000	220,000	
Total	2,977,000	459,000	2,590,000	72,000

The mineral fuels investigations program is concerned with mapping and research relative to the discovery and appraisal of the mineral fuels resources of the United States. The program is divided into three categories as follows:

Item	Adjusted appropriation 1954	Decreases	Estimate, 1955
(1) Oil and gas investigations	$912,000	$12,000	$900,000
(2) Oil shale and bituminous sands	50,000	5,000	45,000
(3) Coal resources	658,000	33,000	625,000
Total	1,620,000	50,000	1,570,000

The General Services geology program is divided into four categories, as follows:

Item	Adjusted appropriation 1954	Decreases	Estimate 1955
(1) Geologic mapping of urban areas	$137,000	$2,000	$135,000
(2) Geologic investigations and mapping for engineering development and land utilization	300,040	10,040	290,000
(3) Field and laboratory research on geologic-engineering problems	75,000		75,000
Total	512,040	12,040	500,000

Mr. FENTON. Would you give us a little detail on those particular items?

Mr. WRATHER. In other words, more detail than occurs in the justification?

Mr. FENTON. Yes.

Mr. WRATHER. How much detail would you like me to go into? It is just a matter of time as to how long it would take to get it in.

Mr. FENTON. We don't want a thesis or anything like that. We would like to have a short statement.

Mr. WRATHER. We would be glad to do that.

(The material referred to follows:)

NONFERROUS METALS

The nonferrous metals copper, lead, and zinc, are basic to our mineral economy. The immediate problem in this group is to provide geologic data and techniques to facilitate the search for new deposits of these commodities in order to keep our dependence on foreign sources at a minimum and to maintain a potential source sufficient to protect ourselves in times of emergency.

At present time the Geological Survey has 24 projects devoted to the study of nonferrous metals. These are in Michigan, Iowa, Wisconsin, Missouri, Oklahoma, Kansas, Colorado, New Mexico, Arizona, Utah, Nevada, California, Montana, Idaho, and Washington. Of these, six projects are nearing completion and new work is planned in the search for these commodities in Washington, Utah, Arizona, and the Appalachian country of the Eastern States. Coordinated with, and incidental to, these studies is experimentation and perfecting of geochemical and geophysical exploration techniques and the search for and appraisal of deposits of cadmium, antimony, bismuth, gallium, and other scarce elements that generally occur in association with the base metals. A nationwide resource study of quicksilver is also being conducted.

FERROUS METALS

The major problems in the ferrous metals are to maintain sufficient reserves of high-grade iron ore to assure flexibility and efficiency in overall operations, and to realistically appraise the United States position in respect to the resources of the ferroalloy metals (chromium, cobalt, manganese, tungsten, and vanadium) and of titanium, in order to concentrate effort where the need is most urgent and where the promise is greatest.

Currently a comprehensive report on world titanium resources is being prepared; major iron ore projects are under way in Michigan, Minnesota, New York, and Nevada; investigations of the main source of chromite (in Montana) and a report on other United States and Alaskan chromite resources are being prepared; investigations of two of the more important tungsten-producing districts are nearing completion and detailed geologic study of the largest known United States deposits of cobalt (in Idaho) are under way.

It is planned to continue iron ore studies in the Lake Superior region, New York, and Nevada, and undertake a major study of the iron ore resources of the important Southeastern States; to explore for possible deeply buried extensions of chromite deposists in Montana; to map the entire cobalt-bearing district in Idaho, and to apply geochemical prospecting methods to the search for cobalt in other potential areas in the country. It is also planned to investigate the

nickel-bearing soils and rocks of Oregon and Californai and perfect geochemical methods of prospecting for nickel. The titanium resources of the country need much work, with emphasis on potential sources that may yield titanium ores as byproducts of established mining enterprises. Work on tungsten will include geologic mapping in the very important Sierra Nevada belt of California, and mapping of a few other major districts.

Overall comprehensive reports on geology and resources of the following commodities are in progress: chromite, cobalt, iron ore, manganese, nickel, and tungsten.

Industrial minerals

The industrial minerals include a wide range of commodities, most of which are usable in their natural state and are valuable because of their particular physical properties. Examples are asbestos, barite, clays of many types, fluorite, mica, stone, and sand and gravel as well as about 40 others. The main emphasis of the Survey's program for these commodities is on those that are in short supply. Here again the problem is searching for new sources and developing new guides and geologic data and techniques to be used by the mining industry in searching for them. Attention is also given to evaluating the resources of these commodities of the United States and estimating world supply.

At present the Survey is investigating talc, asbestos, magnesite, kyanite and sillimanite, refractory clays, and mica in widely scattered localities throughout the country. Overall resource studies are being made for talc, graphite, silica, and barite.

Chemical minerals

In the chemical minerals there are two major problems: (1) Searching for supplies of minerals in which we are only partly self-sufficient, such as fluorspar, and (2) assuring future supplies to meet increasing demands on resources that are presently in sufficient supply, such as potash and phosphate for fertilizer, and sulfur and borates.

The Geological Survey is continuing investigations of phosphate deposits in Wyoming, Utah, Idaho and Montana and Florida, and is studyinng the potash deposits of New Mexico. It is also continuing studies of fluorspar deposits throughout the Nation. These substances are of prime importance to our industrial economy. The phosphate investigations will continue, partly for the phosphate itself, and partly for potentially important byproducts, particularly uranium and vanadium that occur in association with them. Work on potash will be aimed at outlining geologically favorable areas in which to probe for new deposits as will the investigations on fluorspar. The work on sulfur will be correlated with investigations on nonferrous metal deposits and petroleum, from which sulfur can be recovered as a by- or co-product, and research on saline deposits will be pursued, as these are potential sources of many minor but important elements such as beryllium, borate, lithium, etc., in addition to their salt content.

Rare metals

The rare metals include a group of scarce elements like niobium (columbium), tantalum, cerium, beryllium, thorium, and germanium, whose uses are likely to be limited by their scarcity, yet are becoming more and more important for peacetime, as well as for defense needs. Minable concentrations of these elements by themselves are unusual. Indeed the demand for them is of such recent origin that their mode of occurrence and their behavior under changing geologic conditions are not well known. Much research remains to be done on the geology and geochemistry of these elements before reliable methods can be developed to guide the search for them.

The Geological Survey is investigating sources of thorium and the rare earths in the Southeastern States and in Colorado, and Idaho. Beryllium deposits are being studied in Maine and South Dakota, and a report on beryllium resources of the world is being prepared. Niobium (columbium) and tantalum are being studied intensively in various parts of the Nation, particularly in Arkansas, Texas, and Idaho.

The search for niobium and tantalum is expected to continue for some time in close coordination with the work on titanium with which they are often associated. The work on thorium and rare earths will be determined to a considerable extent by AEC policy. A long-range study of the minor elements, such as germanium, gallium, hafnium, etc., will be studied on a long-term basis by spectroscopic and other new methods of analysis. This general search will be followed up by special inquiries of specific localities when justified.

AMOUNTS AVAILABLE FOR GEOLOGICAL AND MINERAL RESOURCE SURVEYS AND MAPPINGS

Mr. FENTON. And at this point we will insert in the record the table showing the amounts available for geological and mineral resource surveys as shown on page 99 of the justifications.

(The material referred to follows:)

Amounts available for work of the Geological Survey, fiscal years 1953, 1954, and 1955, all sources (as of Jan. 1, 1954)

	1953	1954	1955
Geologic and mineral resource surveys and mapping:			
Geological Survey appropriation	$5,555,749	$6,255,000	$5,460,000
Comparative transfer from Bureau of Reclamation	345,377	189,040	
States, counties, and municipalities	217,852	160,000	175,000
Department of the Interior:			
Bureau of Indian Affairs	14,237	21,015	
Defense Minerals Exploration Administration	456,570	325,100	
Department of Defense:			
Department of the Air Force	19,441	24,435	19,100
Department of the Army	1,036,849	993.907	1,218,000
Department of the Navy	495,895	281,849	167,700
Atomic Energy Commission	7,574,254	7,873,449	8,254,000
Defense Materials Procurement Agency	79,477	51,667	47,500
Foreign Operation Administration		359,012	395,000
Mutual Security Administration	490,802		
Miscellaneous Federal agencies	81,443	315,000	125,000
Sale of personal property	11,049	17,000	15,000
Total	16,378,995	16,866,474	15,876,300

WATER RESOURCES INVESTIGATIONS

Mr. FENTON. And now we come to water resources. We will insert into the record the tables on pages 39 and 52 of the justifications.

(The material referred to follows:)

The Federal program is divided into four subactivities as follows:

Subactivity	Adjusted appropriation, 1954	Decreases	Estimate, 1955
(1) Surface water investigations	$1,901,037	$98,037	$1,803,000
(2) Sediment investigations	425,000	84,000	341,000
(3) Chemical quality investigations	406,000	43,000	363,000
(4) Ground water investigations	913,000	195,000	718,000
Total	3,645,037	420,037	3,225,000

State and municipal appropriations, by States, for cooperative water investigations

State	1954 estimate	1955 estimate	State	1954 estimate	1955 estimate
Alabama	$67,000	$67,000	New York	$210,000	$215,000
Arizona	115,000	120,000	North Carolina	75,000	80,000
Arkansas	53,000	53,000	North Dakota	35,000	35,000
California	285,000	300,000	Ohio	135,000	140,000
Colorado	48,100	48,100	Oklahoma	75,000	75,000
Connecticut	25,000	25,000	Oregon	59,000	59,000
Delaware	20,000	20,000	Pennsylvania	110,000	110,000
Florida	140,000	145,000	Rhode Island	16,000	16,000
Georgia	50,000	54,000	South Carolina	28,000	30,000
Idaho	56,300	58,000	South Dakota	10,000	10,000
Illinois	57,000	57,000	Tennessee	83,000	85,000
Indiana	100,000	105,000	Texas	230,000	235,000
Iowa	85,000	90,000	Utah	102,400	102,400
Kansas	55,000	60,000	Vermont	8,000	8,000
Kentucky	155,700	155,700	Virginia	80,000	80,000
Louisiana	93,000	93,000	Washington	110,000	110,000
Maine	16,000	20,000	West Virginia	24,000	24,000
Maryland	83,000	83,000	Wisconsin	32,400	32,400
Massachusetts	45,000	47,000	Wyoming	50,000	52,000
Michigan	89,000	90,000	Guam	18,500	18,500
Minnesota	92,500	100,000	Hawaii	81,800	81,800
Mississippi	45,000	45,000			
Missouri	26,200	30,000	Total	3,700,000	3,800,000
Montana	31,400	31,400			
Nebraska	65,000	65,000	Reimbursements from States	2,700,000	2,800,000
Nevada	27,000	27,000	Direct State payments	1,000,000	1,000,000
New Hampshire	16,700	16,700			
New Jersey	70,000	75,000	Total	3,700,000	3,800,000
New Mexico	115,000	120,000			

Mr. FENTON. There are reductions in all of these activities. Would you like to make a short statement about that?

Mr. WRATHER. I think the situation is well set out in the table, Dr. Fenton, on page 38, where it is apparent that the only increase is to take care of the anticipated increase in State cooperation, $200,000. And, then, of course, the program has necessarily been cut back through the reduction in funds available from the Missouri River Basin program. So we are unfortunately obligated to cut back the program simply by virtue of not having enough funds to carry the entire program forward. Mr. Paulsen can give you greater detail.

Mr. FENTON. Yes, Mr. Paulsen, will you give us a little statement now on the water program.

Mr. PAULSEN. It is pretty well given in detail in the justification as to what we have been doing and what our plans are for the coming year. If you like, I will give a general statement as to what the water conditions throughout the country are.

Mr. FENTON. If you will, please.

I understand that that is a No. 1 program according to the statements here, as far as the economic situation of the country is concerned.

Mr. PAULSEN. As I think everyone knows, water is becoming of tremendous interest to everyone, because of the shortages that are developing in many parts of the country. There are two causes. One is because of the tremendously increased use of water in industry, by municipalities and for agriculture. Then coupled with that has been the drought that has been recurring in several parts of the country for several years, which has caused shortages in our readily available water supplies for all these many uses. So, as a result of those impacts, the Geological Survey has been requested to do a lot more

than it has been able to do within the availability of its funds and its personnel.

I think now the drought situation which has aggravated the demand for our water programs covers nearly a third of the United States, with no real relief in sight. There have been temporary reliefs due to occasional storms and so on; but, for example, in Ohio, Mr. Kirwan's State, where I visited week before last, the situation seems to be rather serious. Due to the drought condition that has extended throughout all this past year, they would need a lot more water to fill the surface and ground water reservoirs and to replenish the supplies than ordinary precipitation would provide.

As I understand it, Governor Lausche and some of the State's departments are very much concerned and are thinking very seriously about making a comprehensive investigation.

(Discussion off the record.)

Mr. FENTON. In Ohio, the water program is a Federal-State cooperative program. Are the States cooperating well with the survey?

Mr. PAULSEN. Every State in the Union is cooperating on our water-investigation program.

Mr. KIRWAN. Every State in the Union needs the program, don't they, Doctor?

Mr. PAULSEN. Yes.

CHEMICAL QUALITY INVESTIGATIONS

Mr. FENTON. What percentage of your chemical quality investigations are related to immediate needs for municipal and industrial expansion?

Mr. PAULSEN. I wouldn't know how to answer that percentage-wise. But I think that all the information we are collecting on the chemical quality of water is used currently by many users such as industries and municipalities. Those are two big users, but we should also include the need for such information for agriculture in the West. So that all the information we are collecting on chemical quality is needed very seriously by various and sundry interests. Our big problem is not having enough data in many parts of the country to satisfy the requirements.

Mr. FENTON. Why can't all such studies go to the State cooperative program? Why can't they be added to those programs so that the Federal cost is reduced?

Mr. PAULSEN. Well, for many years most of our funds were derived almost exclusively from State cooperative programs. But in order to develop a more uniform pattern of investigations, including all of the work that was done and is being done by the Survey in ground water surveys, chemical quality of water, sediment, surface water studies, and so on, we felt that we needed a Federal program in order to bring all those things together in a more uniform fashion and to develop the program on a national scale that would be of a much greater value to the country as a whole. Furthermore, there are many interstate streams and interstate problems that can be handled in no other way except by the Federal program.

The research activities that we are pushing rather strongly in developing better methods and procedures in evaluating the water resources of the country have to be done largely through our Federal

program. And in the end, I think we will decrease the unit costs of all this work, which will be beneficial to the cooperative program as well as to our national program.

Mr. WRATHER. There is one thing I would like to inject here, Dr. Fenton. In the past our efforts have been primarily concerned with finding potable water, water that is usable, relatively free from mineral content. The development of water shortages in certain places emphasizes our interest in waters containing substantial mineral content, that make them unusable for most purposes. And the question is now whether some of those waters are salvageable by treatment so that in some areas of great need, they might be cheaply beneficiated and become potable.

The interest in these saline waters caused Congress to pass a bill for the prosecution of research in that field.

A certain amount of this work falls in the fields of activity of the Survey, but at the present time we have not the funds to go very far with such investigations. Nevertheless, in the study of underground waters, we are going back and taking a good look at some areas, particularly where additional water would be highly beneficial and where the mineral content is low enough so that it might profitably be treated and made usable. We are incorporating on a very small scale in our regular water-resources studies an analysis of the waters of some of these areas of the United States which offer promise of being low enough in mineral content for economical treatment. Thus we are going into an investigation of water which heretofore we have largely ignored simply because there was good water available if this water can be treated—and research is needed in that field—that would solve a great problem.

Mr. PAULSEN. Incidentally, Dr. Fenton, we are making an inventory, which has not been completed of all the saline waters in all the States in order to get a general picture of what the saline water problem really is. It is a rough picture, of course, because we have very little money to spend on it. But we are fortunate in having our field offices located in practically all the States. We are able, I think, to get a pretty good picture of what the saline water resources are in each of the States. Then we are doing a little more intensive work in certain areas such as in Texas and in South Dakota that ties in directly with the saline program that Dr. Wrather has mentioned.

TRANSFERRED FUNDS

Mr. FENTON. On page 77–D of the justification, you show that $30,000 is to be transferred from the Bureau of Indian Affairs for water resources investigation. You also request a hundred thousand dollars as a direct appropriation under soil and moisture conservation to be used in part for the same thing. Now, why can't all this money be requested in one place? Why is there no transfer program from the Bureau of Land Management since some of your soil and moisture work is for that Bureau?

Mr. PAULSEN. The only answer I can give to that is that the other two agencies that are equally concerned or largely concerned with the soil moisture program probably feel that they do not have funds available for transfer. We have had transfers from the Bureau of Reclamation and to some extent from the Bureau of Land Manage-

ment for this kind of work. The Indian Service is providing some funds for ground water investigations because of their imperative need to help out some of their Indian reservations, especially the Navaho, and in other places; they are trying desperately to build up the economy of those reservations; and we are trying to speed up the program.

Mr. FENTON. Now, on page 96 of the justification, you also show that you are receiving $86,000 from the Department of State. What is that for?

Mr. PAULSEN. That is a program that is continuing, or that has continued for a great many years in connection with the international water problems between Canada and the United States, which is provided for in the treaty between the United States and Great Britain of 1909 in working out these problems on a rational basis between the two countries. The International Joint Commission, which is created under that treaty, has called upon the Geological Survey to obtain basic information on the streams along the boundary in order that the Commission can arrive at an equitable solution of these many problems that are continuously arising. Those funds have been transferred to the Survey for many years from the Department of State.

GROUND-WATER INVESTIGATIONS

Mr. FENTON. What results, if any, have you had in your studies of the ground-water problems of the Central Valley of California, central Arizona, Columbia River Valley, and so forth?

Mr. PAULSEN. Perhaps our largest program in those three States has been in the Central Valley of Arizona, carried on almost exclusively in cooperation with the State where the ground-water reservoirs are gradually becoming depleted because of the excessive use of pumped water. In California we are particularly actively engaged also in cooperation with the State of California in the Central Valley project in trying to determine the feasibility of storing surplus water or storing floodwaters from the San Joaquin River in the large central California ground-water reservoir. And that work has been going on now for several years. It is quite a complicated job because of the complex nature of the geology and rock formations.

Mr. WRATHER. The matter of recharge, Dr. Fenton, is a very important field of research. There are certain areas that recharge very readily because of local conditions. There are certain areas in which you cannot expect recharge. There is no panacea for water problems everywhere. But in the areas where recharge will work—and it seems that the San Joaquin is such an area, because there are streams crossing large valleys. If the waters can be diverted out on the valley fill to conduct them underground and to hold them until they find their way into the formation, that is something on which it is highly desirable to carry on fundamental investigation, how you accomplish matters of recharge, where they are possible and where they should not be relied on.

Mr. FENTON. Have you made any progress on that?

Mr. WRATHER. It is a slow business. You have to make many observations and compile data before you can begin to evaluate or to see what your efforts have succeeded in accomplishing. We are right in midstream on some of those investigations where it is too early to

draw conclusions. The whole problem of recharge is a highly important element to be considered in this water program.

Mr. FENTON. It certainly is. It would save a lot of money as far as irrigation goes if we could solve that problem. We should arrive at some kind of solution.

Mr. PAULSEN. For example, in central California in accordance with the California plan, as it is called, the proposal is to attempt to recharge the San Joaquin Basin ground-water reservoir to draw on during the dry years that come along. Some progress is being made in determining the feasibility of that program, as has been done in many other areas such as on Long Island in New York, on work of that kind in Arkansas, New Jersey, and quite a number of other places; so that much is known about the feasibility of artificial recharge. But each area is a problem unto itself, because of the different kinds of formations that are involved.

Mr. WRATHER. We have work going on in Arkansas in the rice irrigation district—we have discussed that before in these hearings—looking toward the possibility of recharge to offset the increasing pumpage of water for rice irrigation. First of all we are making a fundamental study to see just exactly where recharge apparently is taking place or is possible to take place.

CONTRIBUTIONS TO GEOLOGICAL SURVEY

Mr. FENTON. Looking over the various contributions that were made to the Geological Survey by various bureaus and departments of the Government, I notice that you say "Yes" under the question: "Should the performing agency receive the appropriation for this activity?"

What, if anything, have you got to say about that? If one bureau or department contributes and you say "Yes," naturally you think you should have the contribution; but why should not the appropriation be made directly to the Geological Survey?

Mr. WRATHER. That is a question that has been discussed with the Appropriation Committees ever since I have been around here, Dr. Fenton. There are some people on the Hill who think that the claiming agency is the person who should receive the appropriation. The person that is actually benefited by the work they think should receive it. For instance, the military has a job to be done that is within the functions of the Geological Survey. Therefore, the military should ask for the funds, transfer them to the Geological Survey so that the work will be done, and the money will show up as a charge against the agency that gets the benefit.

In the replies relating to these transfers, the "Yes" is more or less qualified from our standpoint. It is desirable that we have these funds made directly to the Geological Survey because it gives us a firm basis on which to maintain an organization. You cannot maintain a high-grade technical organization at a normal level to take care of needs unless you have a firm financial base. You cannot fluctuate year by year, because you cannot turn off good men when they get through; and you can't go out and hire them back when you need them.

It is desirable for the agency that does the work to have the funds made available to them. In other instances an agency, perhaps, would claim that they should have the appropriation made directly

to them and have the discretion of paying it to the Geological Survey. We have not yet had time to contact all these agencies to discuss it with them. It is a matter of mutual concern and we do not have the whole say. Until we have an opportunity to review the problem with these other agencies and see what their interests are we cannot give firm answers.

I have indicated that it is desirable for the Survey to obtain as much of its funds as possible through direct appropriation in order to maintain an organization of sufficient competence and sufficient size to take care of the demands made upon it. Transfers of funds from an agency in one year but not in the next year creates personnel problems and administrative problems for the Survey which are very difficult to solve. Therefore, when the question has come up we have usually taken the position that it is desirable from the Survey's viewpoint to have these appropriations made directly. We then have them in our control and can move with confidence on the maintenance of the technical personnel at more or less of a norm where we are not constantly either hiring or firing men depending on exigencies of money.

And yet, as I say, there are undoubtedly good reasons for other agencies who transfer funds to us to insist that the funds should come to them. Therefore, that more or less expresses my personal views about the matter.

(Discussion off the record.)

NEED FOR GEOLOGICAL SURVEY BUILDING

Mr. JENSEN. Doctor, as you know for many years members of this committee have questioned the economy of having your offices spread all over Washington. We have felt that it would be much cheaper in the long run if you could get your work all together under one roof, or nearly all under one roof.

Mr. WRATHER. That is one of the pressing needs that we have.

Mr. JENSEN. How many places do you now have to house your organization?

Mr. WRATHER. I think 15 areas in which we have some work going on. Some of them are sizable units, living-in quarters that are not well adapted for their needs in which we are constantly having to make structural or other changes. We need a building in which all our activities in the Washington area can be gathered together and the organization can function with maximum effectiveness.

Mr. JENSEN. You would require less personnel, and there would not be the fire hazard.

Mr. WRATHER. The fire hazard is appalling in many of our activities in which records are irreplaceable.

Mr. JENSEN. What would happen if a fire destroyed a lot of these very valuable maps now? It would cost us millions of dollars to replace them, wouldn't it?

Mr. WRATHER. Indeed it would.

Mr. JENSEN. Not only that, but it would stop a lot of activities throughout the country in the meantime.

Mr. WRATHER. A lot of activities are being conducted in the old auditorium opposite the Interior Building, that is a firetrap. It is a regular bat roost. Yet people are obliged to use it for office space. We have a large mapping activity there in the big floor space.

One of the greatest contributions that we could have to our effectiveness would be your support in helping us lick our housing problem. We discussed it at some length before you came in, in the early stages of the discussion. But I will say again that we appreciate the fact that the committee has gone along with us in this capital investment item of $900,000 which has occurred in our budget for 3 successive years. It has been devoted to taking care of our housing needs, to getting the space reconditioned in Denver, and to getting the Menlo Park unit in operation. But we haven't yet made much of a dent in the Washington situation. At your suggestion, we prepared an authorization bill to acquire land and authority to go ahead with the planning for a building. We have cleared it through the Department and have worked on it with the General Services Administration. The bill is on its way to the Department to be cleared through the Budget Bureau at the present time. The one additional step that we think would be desirable is to take $400,000 which now occurs in our 1954 appropriation as a portion of the $900,000 capital outlay item and make it a no-year fund to be available for the procurement of a site and completion of plans and specifications down to the point of issuance of bids. We placed considerable reliance on the passage of lease-purchase legislation by the Congress. That legislation has been deferred from time to time. At your suggestion we prepared this special bill which is on its way now. Therefore, the one thing that I think is desirable to be done at the present time is to get the authorization of the committee to devote $400,000 of that fund for the express purpose of going ahead with the——

Mr. JENSEN. Of the Public Works Committee?

Mr. WRATHER. Yes; to devote $400,000 of this capital item of $900,000 which is in our 1954 budget. The money is already there. All we are asking for is authority to use it for this particular purpose, so that we can go ahead with the planning.

MINE AND OILFIELD DRAINAGE PROBLEMS

Mr. FENTON. Mr. Paulsen, on page 46 you mentioned the economical mining of several million tons of iron ore which would have been lost in Michigan had it not been for the hydrologic study in solving mine-drainage and dewatering problems. What is the solution to that problem?

Mr. WRATHER. There is a water circulation problem. In other words, the amount of water that gets down into mineable ore is in such quantities that it adds greatly to the cost of production, and if you can divert the water and keep it from the circulatory system, it is often possible to take preventive measures.

It is obvious that careful studies of this sort will oftentimes aid in licking an economic problem where the production of ore is too expensive, as long as you have to unwater a mine.

At Eureka, Nev., there are known zinc deposits where there is difficulty in keeping water out of the mine so that the ore can be mined.

Similarly, in oil field studies, the water is around oil pools and it has been discovered that the underground circulation has a substantial influence on the accumulation of oil. It is a field in which the ordinary application of hydrologic principles may be of very great economic

aid. We feel that careful studies of water problems will lead to considerable economic results in the future.

Mr. FENTON. It is not comparable to what we have in the anthracite mines.

Mr. WRATHER. Yes.

Mr. FENTON. How extensive has that been?

Mr. WRATHER. It is hard to say. I know that in Eureka, Nev., for instance, and Mr. Wormser can tell you about that, there is known ore that simply cannot be produced because of difficulties in unwatering the mine.

We have felt for some time that efforts toward a better understanding of water circulation and of the principles that we deal with can have a very important economic bearing on mining problems. The cost of keeping a mine unwatered is considerable.

Mr. FENTON. How extensive was that particular problem in Michigan? Did you have to use tunnels?

Mr. WRATHER. You will have to ask Mr. Paulsen about that, because I cannot give you the details. Are you familiar with that, Mr. Paulsen?

Mr. PAULSEN. I am not familiar with the details as to the quantities of water that were involved, but I know that by studying and determining the source of water in respect to the problems they had in the mines, they were able, at reasonable economy, to change that whole course in a way that made mining feasible. I cannot tell you what the quantities were, but I think I can get it.

I can, however, comment on the Marquette, Mich. mining district. That study was started in July 1949 and is nearly completed. The hydrologic principles applied for the course of this investigation appear to provide tools of importance in evaluating the hazards in new mining developments. This does not supply the details you are asking for now, and I am personally not familiar enough with it to tell you the quantities involved.

I do know they were very successful after making a careful hydrologic examination of the whole area during the last 4 or 5 years that the water has been brought under such control that now the mines are able to function. But it has been done largely from the surface by studying the geology of the entire region as well as the hydrology of the region. Those same principles apply to those other areas in which we are now working.

Mr. WRATHER. We have been applying the principles of the study of water to the zinc ores in Tennessee, the bauxite ores in Arkansas and the iron ores of Alabama, and likewise out in Eureka, Nev., figuring that with the accumulation of enough data and with a better understanding of them that they would prove to be quite a valuable asset to the mining industry in really trying to keep water out of mines, if possible, rather than let it get in and flood out the ore.

Mr. PAULSEN. The cost of our kind of investigation of that character is not very great.

AMOUNTS AVAILABLE FOR WATER RESOURCES INVESTIGATIONS, 1953-55

Mr. FENTON. At this point we will insert the first table on page 100, which shows the amounts from all sources available for work in the Geological Survey for water resources investigations.

(The material referred to follows:)

Amounts available for work of the Geological Survey, fiscal years 1953, 1954, and 1955 all sources (as of Jan. 1, 1954)

Water resources investigations	1953	1954	1955
Geological Survey appropriation	$6,114,930	$6,710,000	$7,025,000
Comparative transfer from Bureau of Reclamation	1,003,257	535,037	
States, counties and municipalities	3,603,706	3,700,000	3,800,000
Department of the Interior:			
Bonneville Power Administration	9,987	10,333	7,700
Bureau of Indian Affairs	80,981	76,490	28,800
Bureau of Reclamation	153,266	201,774	104,000
Office of the Secretary	5,000		
Department of Defense:			
Department of the Air Force	69,012	26,438	23,900
Department of the Army	1,107,674	1,096,556	971,000
Department of the Navy	51,273	16,500	
Department of State	83,820	83,100	82,600
Atomic Energy Commission	183,321	164,200	173,000
Tennessee Valley Authority	97,175	97,532	76,800
Foreign Operation Administrations		144,900	72,300
Mutual Security Administration	68,419		
Miscellaneous Federal agencies	406,773	375,000	375,000
Permittees and licensees of the Federal Power Commission	70,153	65,000	65,000
Sale of personal property	62,474	40,000	40,000
Total	13,171,221	13,342,860	12,845,100

Soil and Moisture Conservation

Mr. Fenton. We will now take up soil and moisture conservation, which begins on page 53.

This page will be inserted at this point.

(The material referred to follows:)

Soil and moisture conservation

Adjusted appropriation, 1954	$100,000
Estimate, 1955	100,000

The program of the Geological Survey in soil and moisture conservation provides basic data and advice concerning hydrologic and geologic problems for the improvement and maintenance of the productive values of the 282 million acres of Federal land under the stewardship of the Department of the Interior. The Bureau of Land Management and the Bureau of Indian Affairs have recorded the need and importance for the Survey's program of investigations for soil and moisture conservation.

The funds appropriated during fiscal 1954 permit stock-well and reservoir-site surveys that are somewhat more adequate to the growing needs of the land agencies. Special attention is being given to comprehensive investigations of water supplies on desert-range lands in lieu of the spot prospects to meet crisis demands for water which have been made heretofore. Present investigations are aimed at exploration and discovery of new water supplies over the whole of grazing or Indian districts. Also scheduled during fiscal 1954 are additional investigations of land and soil erosion. Surveys are to be made of the rates and sources of erosion and sedimentation, and the basic causes of these destructive processes. Included in the 1954 program are evaluations of the effects of water spreading on erosion control, soil moisture, ground water recharge, and runoff. Also scheduled is an evaluation of the effectiveness of measures used in soil-and-moisture conservation for abating erosion, conserving water, and reducing floods. These studies, to be carried out in cooperation with the Bureau of Land Management and other agencies, are aimed at providing data for the more efficient design of remedial conservation measures.

Plans proposed for fiscal 1955 consist of a continuation of the program as follows:

Stock-well and reservoir-site exploration	$47,000
Basic land and soil-erosion investigation	30,000
Evaluation of soil and moisture conservation treatment	15,000
Water-spreading evaluation	8,000
Total	100,000

Mr. WRATHER. The figure there is the same amount as the current budget's. The soil and moisture studies are on public lands administered by the Department of the Interior, and concerned with matters of stock water, adequate range water, and erosion control for the protection of grazing lands, and so forth.

The Bureau of Land Management is highly interested in this matter and there have come to us requests from other bureaus for these investigations. The amount we are able to do is the amount you allow us in this budget under this heading. I do not think there is anything new in it. It is just a continuation of the work and it has been going on at the same norm as we have it in the present budget.

Mr. FENTON. The only amount available for the soil and moisture program is $100,000.

Mr. WRATHER. That is the size of the program.

CLASSIFICATION OF LANDS

Mr. FENTON. Now we will take up the classification of lands. That starts at page 54 and concludes on page 56. These pages will be inserted at this point.

(The material referred to follows:)

CLASSIFICATION OF LANDS

Federally owned and controlled lands in the United States and Alaska are classified as to their mineral and waterpower values. This classification provides the basic foundation for the system of public-land administration prescribed by the numerous mineral leasing and land disposal laws.

The work requires the progressive and uninterrupted investigation, examination, and careful classification of the lands and is closely integrated with the activity, "Supervision of mining and oil and gas leases." Such classification of the mineral values is a necessary precedent to disposal of lands under the mineral land laws, other than the 1920 Mineral Leasing Act, and is a corollary to the effective administration of that law.

The basic responsibilities and duties of this activity include: (1) Determination of Federal land areas to be withdrawn from entry for purposes of water and mineral resources investigation and classification; (2) subsequent classification of the lands as having value, or no value, for water storage or waterpower, or as being mineral or nonmineral in character; (3) initiation of orders for restoration or release of such lands from withdrawal; and (4) classifying as to mineral potentialities specific land parcels under consideration for disposal by land disposal agencies of the Federal Government.

WORKLOAD

There continues to be a large-scale demand for the numerous services rendered by this activity, and the number of classification reports and findings required of the relatively small group of specialists now available to do the work totaled 51,130 during the fiscal year 1953. The trend for an ever-increasing workload continues in spite of a current reduction in the rate of receipt of oil and gas lease applications filed during fiscal 1953. This reduced number of oil and gas lease applications is deemed to be a residual effect of the order issued by the Bureau of Land Management during the previous year, which order prohibits the issuance of such leases less than 640 acres in extent. On the basis of actions so far this year (1954) there will be no relief in the actual workload carried by this activity. The relative weight of the recordation and filing actions, required when handling lease applications pending actual lease issuance and development operations, is slight when compared with the more involved and complicated land classification procedures required of this activity.

Other and relatively more involved and time consuming facets of the land classification operations are steadily increasing. These include co-op cases and field surveys and mapping activities. The workload trend, irrespective of the indicated

1953 drop in rate, is still upward, and is expected to so continue for many years to come.

The increased workload is also indicative of an increased burden of lease supervision to be borne by the companion activity, "Supervision of mining and oil and gas leases." Conversely, the steady and substantial annual increases in the workload under the supervisory function, particularly that concerned with oil and gas leases, unitization of oil pools, the development of potash deposits, and the expanding development of phosphate on Federal lands, is accompanied by a correlated increase in workload for the classification units and also in numerous demands for administrative determinations, oral discussions, preliminary reviews of unit agreement proposals, and other actions, both field and office. A partial remedy, in lieu of increased manpower, lies in increased efficiency and streamlining of procedures. This, the classification units are striving to accomplish.

SUBACTIVITIES

The classification of lands activity is divided into two activities organized along functional lines; (*a*) mineral classification and (*b*) water and power classification. The work of each subactivity is of a continuing nature, subject to specific jobs or workloads depending upon an increasing public interest in leasing and development of oil, gas, and other minerals, or in dam site selections or water power development trends.

Subactivity	Adjusted appropriation	Decreases	Subtotal	Estimate 1955	Increases	Page reference, justification
(*a*) Mineral classification	$220,000		$220,000	$220,000		55
(*b*) Water and power classification	190,000		190,000	190,000		56
Total	410,000		410,000	410,000		

(*a*) *Mineral classification.*—Our expanding economy continues to be responsible, as it has for some years past, for an increasing interest in the search for and development of our domestic minerals and fuels, including those leasable minerals on Federal and Indian lands. That interest, in turn, is responsible for the continued heavy demands upon the Survey for mineral classification services. Mineral classification, being an essential function in the administration of the mineral-leasing laws applicable to Federal lands, is of particular importance at this time if this Nation is to derive optimum benefits from the development and production of the deposits of oil, gas, coal, phosphate, potash, and sodium underlying its leasable Federal lands, because such timely classification aids in early leasing and development of those lands.

It is believed that no additional personal services will be required during 1955 to carry the estimated workload. Accordingly, no additional funds are requested for 1955. To achieve this economy, optimum use will continue to be made of geologic investigations made by the Geologic Division, as well as all other readily obtainable information from other reliable sources, in aid of the mineral classification work, thereby avoiding duplication of effort and conserving manpower.

(*b*) *Water and power classification.*—The water and power classification activity is important to the economy of this Nation because it is an essential preliminary to the efficient development of waterpower. In addition to their value for classification of lands, the maps also serve to locate and publicize potential power sites, and are used in preliminary planning and estimating to determine the economic feasibility of construction projects.

A slight acceleration of river surveys and the preparation of reports thereon is proposed for 1955. During 1953, 179 miles of stream bed were surveyed; 210 miles are proposed for survey during 1954, and 225 miles are proposed for 1955. There remain about 40,000 miles of stream-bed surveys to be done to locate power and reservoir sites and to permit the classification of the public lands involved, including large areas in Alaska.

Timely preparation of suitable river survey maps is important. Delays in preparation of maps showing the location of potential power and reservoir sites can prove costly if new structures such as railroads, highways, bridges, mills, and other buildings are located so as to interfere with future waterpower development.

The relocation of such structures would increase the cost or might even prevent the ultimate construction of power projects.

Streams on the public lands may furnish the most readily available sources of cheap power. The demand for such power, continues to show a marked increase. It is important, therefore, to accomplish the water power classification on the public domain as promptly as possible, so that such lands may be reserved from entry or prior appropriation for uses of lesser utility or value to the national economy.

Mr. FENTON. Who will cover that subject-matter?

Mr. WRATHER. Mr. Duncan will speak on that subject.

Mr. DUNCAN. Shall I proceed?

Mr. FENTON. In brief, how does the land-classification work in the Geological Survey differ from the land-classification work of the Bureau of Land Management?

Mr. DUNCAN. The land classification of the Geological Survey has to do with the determination of areas that are valuable for water and power and to determine the presence of the leasable minerals in the public-lands area, and to provide a means of their evaluation and to prevent an alienation by private interests so that they remain subject to the leasing act and development.

The Bureau of Land Management classification deals more with surface use such as grazing areas; and minerals that are not subject to lease. We do not have anything to do in general with the determination of a mining claim or whether it is a homesite classification or special-use classification or anything like that. Our work is a responsibility of the Secretary of the Interior, under congressional authorization, and delegated to the Geological Survey for the protection of the public lands from taking by private interests, and determining whether lands are subject to lease or permit according to the Mineral Leasing Act.

Mr. FENTON. The amount of money you are asking for is the same as last year, $410,000?

Mr. DUNCAN. That is right.

Mr. FENTON. The oil and gas people previously described the need for an increase for this activity due in part to new responsibilities resulting from the Continental Shelf law.

INCREASE IN WORKLOAD

Mr. DUNCAN. The need for additional money is simply due to the fact that our work is a business enterprise, that is, the supervision after the lease issuance for the development of the public and Indian lands, and also the work on the acquired lands (land repurchased by the Government) is increasing year by year without maintaining an increase in personnel sufficient to do the work.

On the wall you will see a map of the United States showing the number of leases that are in existence as of December 31, 1953. You will notice there are 96,377 leases that we are expected to supervise to see that the operations are conducted in an orderly manner. That takes in the Indian lands, the acquired lands, the public lands, and 17 leases in the Naval Reserve No. 2 in California.

In addition to that there are about 20 types of leases that have been issued on lands that are not available for lease under any leasing act, such as Navy, Air Corps, and Army lands.

Here is a plat which shows in red last year's leases and this year's leases, a difference in 1 year of about 25,000 leases. In December 1949 we had only 30,000 leases in force. At the end of 1950 there were 42,000. At the end of 1951 there were 59,000; at the end of 1952 there were 70,500, and at the end of 1953 there were 96,377 leases.

ROYALTIES

The royalty income has likewise increased from about $8 million in 1940 to $40 million this last year. We have practically the same operating force because the cost of doing business has materially increased. It is a business enterprise, coupled with conservation. It protects the interests of the United States under the terms of the leases and permits through supervision of operations.

Mr. FENTON. How do you arrive at the distribution of royalties?

Mr. DUNCAN. As to the Indian lands, the allottees obtain the straight one-eighth royalty. The tribal leases may provide for one-eighth or one-sixth royalty. On the public lands, the average lease now that is in force carries a one-eighth royalty. Thirty-seven and one-half percent of the income is returned to the State in which produced, and is made available for their schools, roads, and universities; 52.5 percent of the money goes to the reclamation fund; and 10 percent goes into the Treasury of the United States.

Mr. FENTON. What reclamation fund are you talking about?

Mr. DUNCAN. It goes into the reclamation fund for the development of reclamation States. It is reappropriated every year to their account.

Mr. LARSON. It is deposited to the reclamation fund for the development of reclamation projects in the West. It is subject to appropriation by the Congress and cannot be used unless it is appropriated. That will come up during the hearings on the Bureau of Reclamation, the amount deposited and the amount appropriated.

SUPERVISION OF MINING AND OIL AND GAS LEASES

Mr. FENTON. We come to "Supervision of mining and oil and gas leases." That is on pages 57 through 62, inclusive, and they will be be inserted into the record.

(The material referred to follows:)

SUPERVISION OF MINING AND OIL AND GAS LEASES

This is a continuing supervisory and regulatory activity required by various mineral-leasing laws governing prospecting, development, and producing operations under mineral leases on Federal, Indian, and naval petroleum reserve lands. An additional delegation of authority from the Secretary of the Interior charges the Survey with comparable supervisory and regulatory responsibilities for leases on the outer Continental Shelf.

In the current year, some 120,000 lease properties, oil wells, and mines in 32 States are expected to produce oil, gas, and other minerals valued at $480 million and render royalty returns of about $44 million. The States where the minerals are produced received 37½ percent of the royalties, the reclamation fund, 52½ percent; and 10 percent is retained in the Treasury. In 1955 it is anticipated that the number of leased properties, mines, and wells requiring supervision will approximate 130,000 and the production and royalty values are estimated to reach $525 million and $48 million, respectively.

Workload.—Since 1925, when the Survey became responsible for supervising mineral leases, the volume of work required adequately to supervise the develop-

ment on the leases in force has increased steadily and substantially. The workload has increased at such a rapid rate that the Survey has had difficulty each year to supply the necessary manpower to do a creditable job of supervision. This situation has been due, in part, to diminished purchasing power and to nonavailability of competent engineers as either new or replacement manpower. Nearly $60,000 of funds available for this work during 1953 were returned to the Treasury because of inability to recruit petroleum engineers.

The disproportionate ratio between workload and manpower available to carry that workload, a recurrent ailment of many years standing, has increased steadily. The measurable workload, in terms of the number of supervised leases, wells, mines, delegations of administrative responsibilities, and the many related duties performed by the mineral-leasing units of the Survey has more than tripled during the past 5 years (1948–53). During 1954 and 1955 it is conservatively estimated that that workload will increase to unprecedented highs of 120,000 and 130,000 work units, respectively, or an increase of about 8 percent in 1 year.

During 1949 the appropriation for this activity was $757,000 and the purchasing power of that sum was sufficient to support a staff of 158 employees to carry a combined workload of 38,016 units (mines, wells, properties, etc.) or about 240 units of workload per employee. Five years later, in the face of a steadily increasing workload, the funds available for 1954 (for onshore operations) amount to $1,182,800 and are sufficient to support a staff of 202 employees to carry a combined workload of 120,000 units or 566 units per employee. The workload has increased about 216 percent, the funds to pay for the work increased only 56 percent, while the purchasing power of those funds, in terms of manpower, increased only 34 percent. For 1955, the expected workload-employee relationship is expected to be 586 units per employee, a still less favorable ratio and much too high for complete and effective supervision.

The trend of work unit costs and annual workloads since 1946 indicates the workload will have increased nearly 400 percent by 1955, but the funds requested for 1955 are only 110 percent over those in the same items in 1946. It is also noted that, during this time span, funds available for each unit of responsibility range from $23 in 1946 to $10 in the current year and $9 in the budget year 1955. This index of consequent neglect of many properties and other related responsbilities indicates an involuntary loss of efficiency in supervisory operations. The proper supervision of leasing, development, and producing operations on any mineral lease requires frequent and periodic visits and close liaison with operators and lessees. The Survey must render a service in this activlty, and to do so it must be able to keep its men in the field and on the ground where the operations are. Records show that the average cost per employee to maintain the business will increase from $4,095 in 1946 to $5,559 during 1955. It is indicated that the royalty returns per employee will average $216,000.

Subactivities.—The mineral-leasing work is now divided into three subactivities organized along functional lines. The units responsible for performing the duties inherent in those subactivities are the Mining Branch and the Oil and Gas Leasing Branch. Each Branch has a small headquarters force in Washington and supervisory and regulatory forces in 32 field offices in the United States and one office in Alaska, all located as closely as practicable to the principal centers of mining and oil field activities affecting the leased lands under supervision. The work requires the employment, training, and retention of specialists in the fields of mining engineering, petroleum engineering, and minerals accounting, who must also possess an expert knowledge of the administration of the mineral-leasing laws.

Subactivity	Adjusted appropriation	Estimate, 1955	Increases	Page reference justification
(a) Supervising mining leases (onshore)	$284,000	$284,000		59
(b) Supervising oil and gas leases (onshore)	861,000	916,000	$55,000	60
(c) Supervising oil and gas leases (offshore)	50,000	100,000	50,000	61
Total	1,195,000	1,300,000	105,000	

(a) *Supervising mining leases (onshore)*

Objectives.—The primary objectives of the Mining Branch are to economically administer the operating and safety regulations under the various mineral leasing acts governing the exploration, development, and production of mineral deposits on Federal and Indian lands in the United States and Alaska, in such manner as may best serve the interests of conservation; to determine royalty liabilities; and to collect lease rentals and royalties.

Functions.—The attainment of the objectives requires the onsite supervision of mining operations, including prospecting for, and development and production of coal, phosphate, potash, sodium, silica sand, oil shale, and sulfur on public domain land; of gold, silver, and mercury on various land grants; of coal, vanadium, and quartz under departmental authorization; and of all minerals, except oil and gas, on segregated, restricted, allotted, and tribal Indian lands, and on acquired lands.

Principal duties.—The principal duties include: (1) the advance approval of mine plans and procedures; (2) field inspections for the measurement of, and accounting for, all minerals produced from the leases so that a proper determination of royalty liabilities may be had; (3) periodic leasehold inspections to effect the enforcement of regulations governing mining and milling methods and the safety and welfare of workmen; (4) field investigations and studies looking to the improvement of recovery and milling practices; and (5) the preparation of engineering reports and recommendations as to leasing matters for the guidance of appropriate administrative officials in the Interior Department, and the provisions of a general consultative service to officials of numerous Federal agencies regarding the resources of coal and other minerals on the leased or leasable lands.

The foregoing duties are being performed by a small force of engineers, accountants, and clerks located in a Washington headquarters (6 employees) and in 7 field offices (29 employees). The field offices are located in Colorado, Montana, New Mexico, Oklahoma, Utah and Alaska. This force is supervising 1,712 mines and properties dispersed in 12 Eastern States, 16 Western States, and Alaska.

Program for fiscal 1955.—During fiscal 1953, the Branch supervised 451 producing mines which produced minerals valued at $120,649,000, in that year, and returned production royalties of $4,455,000. The workload of the Mining Branch is expected to increase moderately during the current year and the budget year. It is believed, on the basis of present observable trends that the present force will suffice to run this business during 1955.

(b) *Supervising oil and gas leases (onshore)*

An increase of $55,000 to provide for increased regulatory supervision requirements.

Objectives.—The primary objectives of the Oil and Gas Leasing Branch are to administer economically the operating and safety regulations under the various mineral leasing acts governing the exploration, development and production of oil and gas on Federal, Indian, and certain naval petroleum reserve lands in the United States and Alaska, in such manner as may best serve the interests of conservation and with due regard for the prevention of waste; to determine, and maintain an accurate accounting of, the royalties due, either in production or value; and, when appropriate, to take such royalty in production and to dispose of it advantageously, pursuant to applicable law and regulation.

Functions.—The attainment of the objectives requires onsite engineering and regulatory supervision of all phases of development and production operations on the oil and gas leases; enforcement of applicable operating regulations to assure development in accord with sound oilfield practices; collaboration and cooperation with the Bureau of Land Management, the Bureau of Indian Affairs, the Office of Naval Petroleum Reserves, other agencies in the Department, agencies in other Federal departments, congressional committees and Members of Congress, in furtherance of good management and orderly administration of the leasing acts, all to the end that the economic maximum recovery of the petroleum resource from the leased lands may be had.

This function is now performed by a staff of 133 employees, 10 in the Washington headquarters and 123 in 25 field offices located in California, Colorado, Louisiana, Montana, New Mexico, Oklahoma, Utah, and Wyoming. This small group of employees will be responsible for supervising some 118,000 leases and oil wells in 32 States that are expected to produce oil and gas valued at $358 million and render royalty returns of about $39 million. In fiscal 1955, it is expected that the properties and wells requiring supervision will exceed 128,000 and that the production and royalty values will exceed $400 million and $42 million respectively.

The Geological Survey believes that the maintenance of a high level of efficiency in the supervisory and regulatory force of the oil and gas leasing unit, and the bolstering of royalty income security to be desirable and justifiable objectives. The growth of this business during recent years has exceeded expectations, and the unprecedented resultant workload continues to tax the ingenuity of the staff to render a timely service. The necessary adoption of shortcuts, and other half measures, are not only inimical to the protection of the resources and to the collection of royalties, but they seriously reduce the efficiency of the service in other phases of its responsibility.

Program for fiscal 1955.—The proposed increase of $55,000 for this work during 1955 will be required to handle the expected increased workload during that year. That increase will be used to further strengthen the oil and gas royalty accounting force, to replace several worn-out bookkeeping machines, and to employ and equip several new petroleum engineers. Specifically, on the basis of expected needs, it is proposed to employ 1 engineer, 1 draftsman, and 1 clerk at the Washington headquarters, 3 engineers at Casper, Wyo., 1 engineer, and 1 clerk at Roswell, N. Mex., 1 clerk at Tulsa, and 1 engineer at Los Angeles, Calif.

(c) *Supervising oil and gas leases (offshore)*

Authorization.—New legislation (67 Stat. 462) approved August 7, 1953, provides for the jurisdiction of the United States over the submerged lands of the outer Continental Shelf, and authorizes the Secretary of the Interior to lease those lands for the development of the oil, gas, sulfur, and other mineral resources therein.

Survey's responsibility.—By delegation, the Survey is responsible for the enforcement of the rules and operating regulations prescribed by the Secretary and for the supervision of leasing, development and production of those resources.

Functions.—The performance of the Survey's responsibility will require on-site inspections of the actual development operations for oil, gas, and perhaps sulfur, as well as a multitude of administrative actions and determinations essential to a watchful stewardship over all phases of mineral leasing processes. This function will be comparable, in most respects, to those now being performed on the Federal and Indian land leases onshore, but with the added features of a new legal authorization, newly prescribed operating regulations, a measure of cooperative effort with the appropriate States, and additional transportation problems requiring boats or seaplanes.

Workload.—At this time there are about 350 oil and gas leases on the outer Continental Shelf now under the purview of the Interior Department. A total of 136 wells have been drilled on these leases. There are 30 producible oil wells and 34 producible gas wells on the outer shelf off the coast of Louisiana, and 9 wells now drilling. As of this writing, no wells have been drilled on the outer shelf off the coast of Texas.

The supervisory function currently requires frequent waterborne or airborne visits to widely separated drilling sites and the accounting for production from numerous leases, aggregating about 2 million barrels of oil per year. Currently, the accounting function involves the receipt of some $4,500,000 in rentals and $1,250,000 inroyalties each year. Under the impetus of the new legislation, development is expected to increase materially by fiscal 1955.

Proposed method of operation.—During the current fiscal year the Survey expects to open field offices at New Orleans, La., and Houston, Tex. To commence staffing and equipping those offices, approximately $50,000 of funds appropriated for onshore supervision of mining and oil and gas leases will be used, as a means of obtaining a timely start on the new program. It is hoped that a request for a supplemental appropriation for this year can be avoided.

Depending upon the rate of lease issuance and the rate of development of those leases, about which no firm estimates can be made at this time, the Geological Survey believes that during fiscal 1955 at least 2 field offices staffed with not less than 18 employees will be required to regulate that development. By the end of fiscal 1954, it is expected that 10 employees will be on the job, with an additional 8 to be hired during 1955. The cost for personal services is estimated at $71,000. Contractual services (chartering boats, planes, etc.), $12,000; travel, $7,000; supplies and equipment, $10,000; total, $100,000.

No estimate is included for rents and utilities because of the indefiniteness of the space requirements so far in advance of the need, and in further consideration of the probability that the General Services Administration will provide the space needs, rent free, by 1955.

It appears at this time that the outright purchase of waterborne or airborne transportation to visit the development operations for inspection purposes is not justified on the basis of the known or anticipated workload, and that the chartering of such transportation, when not available from the oil companies at no cost to the Government will prove to be much more economical.

Mr. FENTON. Do you want to make any further statement on the supervision of oil and gas leases?

OUTER CONTINENTAL SHELF LEASES

Mr. DUNCAN. I should make a statement regarding the new request that is included in here regarding supervision of the offshore lands.

The Outer Continental Shelf Act was passed on August 7, 1953. There has been a delay in the issuance of regulations and the lease forms so we have not been able to staff the office. We are afraid to rent space and go out and hire people until we know just who is going to have the jurisdiction or what will be embodied in the regulations.

There are 404 leases, which have been issued by the States of Texas or Louisiana, and for which application for Government leases have been made.

This bottom map here on the wall gives you some idea of the extent of the tidelands for Texas and Louisiana. There are 102 leases off Texas and 302 off Louisiana. The potential reserves for Texas are estimated at 7.8 billion barrels. For Louisiana it is 3.8 billion. Presently there are 28 producing oil wells and 13 gas wells believed to be on the outer Continental Shelf, and there are 11 shut-in oil and 24 shut-in gas wells, all off Louisiana.

The monthly oil production is about 190,000 barrels. The gas production is approximately 4.6 billion a month, and 43,500 barrels of condensate.

We have approved approximately 18 wells since August 13, and the companies are either drilling or erecting their rigs at this time to drill. We expect when the regulations are issued, that in time the leases will begin to be advertised and the activity will materially increase. So far we have tried to work out as many cooperative agreements with the different States as possible to eliminate the expenditure of money.

For instance, we have worked out a cooperative agreement with the State of Texas where they will supervise and issue the geophysical and geological exploratory permits. They have their own established procedure. They have their own inspectors for the protection of fish and we feel that until things are straightened out or the necessity arises that through cooperative agreement they should continue to do the work.

Louisiana is supposed to have signed a similar agreement 2 weeks ago, but we have not received it.

We hope that we can cooperate with the State on proration instead of having to have a large organization to handle proration problems in the outer Continental Shelf so as not to conflict with the State proration rules and regulations, and that through cooperative agreement with the Secretary that they continue that type of work with the Secretary retaining a general overall right to review any findings or any allocations to be established.

Louisiana is the only Gulf State which has production now off its shores, and it has proration schedules that extend out into the outer Continental Shelf and the operators generally comply with them.

The whole development of the outer Continental Shelf is indeterminate at this time and, speaking for myself, I would not recommend a large organization at this time. I think we ought to feel our way.

Mr. FENTON. How far offshore is the Continental Shelf development?

Mr. DUNCAN. It will run as much as 150 miles out. It is to the 100-fathom line, which is the limitation. This is supposed to be the exterior limit of the outer Continental Shelf.

This area on the map in red off Texas represents 10.35 miles out from the Texas coastline. That is what the law gave them.

Off Louisiana the area in red extends out about 3 miles. None of the lines opposite Louisiana or Texas are fixed. It is going to take a long time before we know the boundary line where the outer Continental Shelf begins. In the meantime we will have to work out cooperative agreements for the area along the line. We have had two agreements already. Lessees must work out an arrangement because they have only a certain length of time after the passage of the act, to develop the portion of the lands that will be converted to Federal leases.

The companies are joining together and are flying the coastline as a basis for location of present shoreline, using the standard methods of aerial photography.

You will notice that there are only about 1,200,000 acres that we believe will be in the outer Continental Shelf under lease.

I brought this map down to give you some idea of how they divided the coastline off Louisiana. The yellow on this map represents the leases that have been issued by Louisiana. Some of the dots are oil wells, and in certain places you can see a drilling well symbol.

The wells may be located in 20 to 40 feet of water. We believe that about the deepest water depths will be 60 or 70 feet for some time to come for drilling, but I do not think that will stop the lessees from going deeper if they wish. It is a very expensive development. It probably costs $2.5 million to $3 million to drill a wildcat well.

That area is subject to lease for sulfur and other minerals. It has been informally stated that there are 500 or 600 prospects off Louisiana that may eventually test for sulfur. Not all of them will be productive, of course.

Mr. FENTON. How far out do you say they are?

Mr. DUNCAN. We were out 28 miles to one operation offshore.

Mr. FENTON. You do not contemplate the need for any boats or aircraft?

Mr. DUNCAN. We hope we will not have to have a navy. The best way to handle supervision would be the use of small amphibious flying craft, but we feel that with the cooperation of the companies that we can prevail upon them for transportation for some time.

We are only asking for $100,000 to be assigned to this work on the outer Continental Shelf because we cannot firm up the organization at present.

As far as the Survey is concerned, and I believe Secretary Wormser will agree, we feel that we should have our office right down there

as close as possible and it should be divorced primarily from the rest of the Federal land lease work.

Mr. FENTON. But you will have to have some new employees; will you not?

Mr. DUNCAN. Well, tentatively we have in mind at this time probably 16 employees to start off with by the end of next year.

GENERAL ADMINISTRATION

Mr. FENTON. General administration is the next topic. It is on pages 63 and 64 of the justifications. Those pages will be inserted in the record.

(The material referred to follows:)

GENERAL ADMINISTRATION

This estimate provides funds for the executive direction and management of the Geological Survey, both in Washington and the field. It includes the Offices of the Director and the Executive Officer, and such usual services as budgeting, accounting, auditing, payroll, personnel, property control, mail, and messenger. In addition, provision is made here for responding to inquiries from the public for scientific and technical data, maps, and reports, both published and unpublished.

Subactivities	Adjusted appropriation 1954	Decreases	Subtotal	Estimate 1955	Increases
Director's office	$175,000	----------	$175,000	$185,000	$10,000
Office of the Executive Officer	36,000	----------	36,000	36,000	----------
Budget and Finance Branch	364,400	----------	364,400	369,100	4,700
Personnel Branch	179,500	----------	179,500	179,500	----------
Service and Supply Branch (Washington, D. C. and Alaska)	173,100	----------	173,100	173,100	----------
Rocky Mountain Branch (Denver, Colo.)	95,500	----------	95,500	95,500	----------
Pacific Coast Branch (Menlo Park, Calif.)	----------	----------	----------	60,000	60,000
Public Inquiries offices	61,800	----------	61,800	76,800	15,000
Miscellaneous costs (telephone and health services for the above units, general printing for the entire bureau, charges for services rendered by the Department, etc.)	18,300	----------	18,300	25,000	6,700
Total general administration	1,103,600	----------	1,103,600	1,200,000	96,400
Amount chargeable to transferred funds	−348,600	+$5,000	−353,600	−450,000	−96,400
Amount chargeable to direct appropriation	755,000	5,000	750,000	750,000	----------

As an economy and good-management measure, the Survey centralizes its essential housekeeping services in order that they may be performed by administrative specialists. It is unsound to have skilled geologists and engineers devote time to managerial functions that can be best performed by administrators. This policy relieves research geologists and engineers from time-consuming and costly interruptions.

An example of this practice is the recent establishment of public-inquiries offices in Denver, Salt Lake City, Los Angeles, San Francisco, and Anchorage. A similar office is proposed to be established during fiscal year 1955 in Washington. These offices, in response to growing public demand, service requests and supply information concerning the scientific and technical reports and maps, published and unpublished, produced by the Survey.

General administrative expenses in 1955 are expected to equal 2½ percent of the total program of the Geological Survey. It is proposed to charge 62½ percent, or $750,000, to the direct appropriation, and the remaining 37½ percent to working funds established for the performance of work for other Federal agencies.

Mr. FENTON. Who will speak with reference to general administration.

Mr. WRATHER. Mr. Mowitt, the executive officer, will discuss that.

Mr. FENTON. Will you explain the overall increase in this item?

Mr. MOWITT. We have an overall increase of $96,000, the major portion of which is to be used for the establishment of a new central facility on the west coast.

We have a building there now which presently houses some 35 geologists. A little later on we will increase their number to about 110. We want to establish there a Management Services officer who will provide housekeeping services for not only that group, but all our people on the west coast. He will need a staff of some 8 or 9 people, among them a personnel officer, a classification officer, somebody to look after the buying and somebody to look after equipment.

There is about $5,000 in this $60,000 item, which will be paid to the General Services Administration for their services in the planning of the rest of the buildings that will eventually be built at this point.

PUBLIC INQUIRIES OFFICES

The other large amount is a $15,000 item for a public inquiries office, something that is quite new with us. It is not necessarily an administrative expense, but because it is new and in the process of being developed we carry it under this activity. We have five such offices at the present time, one each in downtown Denver, Salt Lake City, Los Angeles, San Francisco, and Anchorage, Alaska. These offices serve the general public. They sell maps, and as agents of the Government Printing Office, they also sell publications. They furnish information to the public about any phase of our activity that the public wants to come in and inquire about.

We find that to use nonprofessional people in this work is much less expensive and it permits us to put such services where they are most needed, even though we do not happen to have any large professional organization working at that point. For example, in Denver we have a public inquiries office downtown while practically all of our professional people work out at the Federal Center. In San Francisco the same thing is true with respect to Menlo Park. In Anchorage, Alaska we have no working facilities at all, and yet there is a need to sell maps and provide information about the results of our activities. to the public.

Mr. WRATHER. This public inquiries office has been a wise move on our part because it makes accessible to the public all the different work done by the Geological Survey. There has been a very noticeable increase in the sale of maps when the people can find out whether a map exists, and what it costs and they can buy a map and buy a publication and check whether a report has been issued on a certain mining area. All that information is extremely valuable to the public and the way it has been accepted in the time that these offices have been in operation convinces us that it is a sound procedure.

Mr. FENTON. How do you start?

Mr. MOWITT. Well, we start them with one person who has had some experience in the handling of maps and publications, and who knows his way around, so to speak, in the organization. We give them some training before they go out and, of course, we provide them with the necessary equipment. We usually start them out by letting

them sell maps and after they have done that for a while they are made agents of the Public Printer and sell publications.

We are not permitted to sell our own publications, but we are able to do so as an agent of the Public Printer. We keep each office well informed about all activities so the public can come to one place and get all the service they need.

Another thing we do is make it possible for a person who comes into the office to get a map of any place in the United States, even though they do not stock that map at the location where it is requested. We take the money and the order and either deliver it to them by mail or let them come back to the office to pick it up. We try to make it as convenient as possible for them to get the information they want. Usually we put on a second person as the workload increases. We do not have any office with more than two people at this time.

TRANSFERRED FUNDS

Mr. FENTON. How is it determined as to what percentage of the total administrative cost should come from transferred funds?

Mr. MOWITT. We have always tried to keep the balance between the transferred funds and direct appropriation on an even keel. It is difficult. They are out of balance as this budget is presented here now. At the time the budget was prepared in the spring we had expected to get more money from transferred funds than is now forthcoming. Before we discovered we were not going to get the full amount of the transferred funds we had pledged ourselves through the Bureau of the Budget not to tax the regular appropriation for any more than is provided here, so that we are now potentially out of balance for 1955 again. But we try to keep it on as even a keel as we possibly can.

INCREASES IN GENERAL ADMINISTRATION

Mr. FENTON. I wish you would put in the record a little statement regarding the increases in general administration.

Mr. MOWITT. Yes, sir.

(The material referred to follows:)

Overall increases requested, fiscal 1955, for general administration

	Total	Director's office	Budget and Finance Branch	Pacific Coast Branch	Public inquiries office	Miscellaneous costs
Total number of permanent positions	14	1	1	10	2	
Average number of all employees	14	1	1	10	2	
01 Personal services	$66,000	$8,000	$4,000	$45,000	$9,000	
02 Travel	2,500	900	100	1,000	500	
03 Transportation of things	700	200		300	200	
04 Communication services	2,600	100		800	700	$1,000
05 Rents and utility services	1,000			1,000		
06 Printing and reproduction	4,200			500	500	3,200
07 Other contractual services	500			500		
Services performed by other agencies	7,500			5,000		2,500
08 Supplies and materials	4,200	500	300	2,800	600	
09 Equipment	7,100	300	300	3,000	3,500	
15 Taxes and assessments	100			100		
Total increase requested	96,400	10,000	4,700	60,000	15,000	6,700

Funds Available to Geological Survey, 1953–55

Mr. Fenton. At this point we will put in the summary on page 101 of the justifications showing the amount of money appropriated directly to the Bureau and the amount transferred from other agencies.

(The material referred to is as follows:)

Amounts available for work of the Geological Survey, fiscal years 1953, 1954, and 1955, all sources (as of Jan. 1, 1954)

Summary	1953	1954	1955
Geological Survey appropriation	$24,760,168	$26,950,000	$27,335,000
Comparative transfer from Bureau of Reclamation	3,338,164	1,932,467	
States, counties, and municipalities	5,582,708	5,660,000	5,280,000
Other Federal agencies	14,531,806	14,293,324	13,856,000
Permittees and licensees of the Federal Power Commission	70,153	65,000	65,000
Sale to the public of aerial photographs and photographic copies of records	46,632	40,000	40,000
Sale of personal property	128,923	93,500	91,500
Payments from proceeds, sale of water		2,000	
Grand total	48,458,554	49,036,291	46,667,500

Mr. Fenton. So the overall total you will have at your command for fiscal 1955 will be $46,667,500?

Dr. Wrather. Yes, sir. If all of these transfers materialize which we expect now.

Mr. Fenton. Could you supply for the committee for the record a breakdown of those particular items as to activities?

(The information referred to follows:)

Statement of appropriations, transferred funds and contributions

	Fiscal year 1954				Fiscal year 1955			
	Appropriation	Transferred funds	Contributions	Total	Appropriation	Transferred funds	Contributions	Total
SURVEYS, INVESTIGATIONS, AND RESEARCH								
Topographic surveys and mapping	$11,630,000	$1,048,867	$1,800,000	$14,478,867	$12,200,000	$907,000	$1,305,000	$14,502,000
Geologic and mineral resource surveys and mapping	6,750,000	9,566,422	160,000	16,476,422	5,460,000	9,706,000	175,000	15,341,000
Water resources investigations	6,960,000	1,625,240	3,700,000	12,285,240	7,025,000	1,361,500	3,800,000	12,186,500
Soil and moisture conservation	100,000			100,000	100,000			100,000
Classification of lands	410,000			410,000	410,000			410,000
Supervision of mining and oil and gas leases	1,200,000	32,800		1,232,800	1,300,000	32,900		1,332,900
General administration	700,000	325,700		1,025,700	750,000	426,300		1,176,300
Subtotal	27,750,000	12,599,029	5,660,000	46,009,029	27,335,000	12,433,700	5,280,000	45,048,700
Development of water wells on public lands (payments from proceeds of sale of water)	600			600	600			600
Total	27,750,600	12,599,029	5,660,000	46,009,629	27,335,600	12,433,700	5,280,000	45,049,300

Projects undertaken with transferred funds from other agencies, fiscal year 1954

Agency	*Amount*
Department of the Interior:	
Bonneville Power Administration:	
(1) Water resources investigations	$10,333
Bureau of Indian Affairs:	
(1) Geologic and mineral resource surveys and mapping	21,015
(2) Water resources investigations	76,490
(3) General administration	1,400
Total	98,905
Bureau of Reclamation:	
(1) Water resources investigations	151,623
(2) General administration	3,200
Total	154,823
Defense Minerals Exploration Administration:	
(1) Geologic and mineral resource surveys and mapping	325,100
(2) General administration	10,900
Total	336,000
Department of Defense:	
Air Force:	
(1) Topographic surveys and mapping	829,027
(2) Geologic and mineral resource surveys and mapping	24,435
(3) Water resources investigations	26,438
(4) General administration	29,000
Total	908,900
Army:	
(1) Geologic and mineral resource surveys and mapping	993,907
(2) Water resources investigations	1,096,556
(3) General administration	62,200
Total	2,152,663
Navy:	
(1) Topographic surveys and mapping	8,489
(2) Geologic and mineral resource surveys and mapping	281,849
(3) Water resources investigations	16,500
(4) Supervision of mining and oil and gas leases	32,800
(5) General administration	5,400
Total	345,038
Atomic Energy Commission:	
(1) Topographic surveys and mapping	206,351
(2) Geologic and mineral resource surveys and mapping	7,873,449
(3) Water resources investigations	164,200
(4) General administration	209,000
Total	8,453,000
Defense Materials Procurement Agency:	
(1) Geologic and mineral resource surveys and mapping	51,667
(2) General administration	1,700
Total	53,367

Projects undertaken with transferred funds from other agencies, fiscal year 1954—Continued

Agency	*Amount*
Department of State:	
(1) Water resources investigations	$83,100
(2) General administration	2,900
Total	86,000
Grand total	12,599,029

Projects undertaken with contributed funds, fiscal year 1954, States, counties, and municipalities

	Amount
1. Topographic surveys and mapping	$1,800,000
2. Geologic and mineral resource surveys and mapping	160,000
3. Water resources investigations	3,700,000
Total	5,660,000

NUMBER OF EMPLOYEES

Mr. FENTON. How many employees have you at this time?

Mr. WRATHER. Do you have that last statement?

Mr. MOWITT. Yes; there are 6,472.

Mr. WRATHER. As of what time?

Mr. MOWITT. December 16, 1953. That is full-time.

Mr. FENTON. That is full-time employees?

Mr. MOWITT. Yes, sir.

Mr. FENTON. What is your average grade?

Mr. MOWITT. It is 6.8.

Mr. FENTON. This is not the total number of employees you have to have, as I understand it, for all of these extra duties that are imposed on you.

Mr. MOWITT. This is the full number of employees; 6,472 is the total number of full-time employees.

Mr. FENTON. How many of those employees are paid out of your direct appropriations?

Mr. MOWITT. On an average about 3,900 of them will be paid out of direct appropriations.

Mr. FENTON. Under 1954 you show a total of 5,097 permanent positions.

Mr. MOWITT. That would be positions that would be paid from the direct appropriation plus reimbursable money, plus amounts received from States, counties, and municipalities, but not from transferred funds. That would be exclusive of transferred funds.

Mr. FENTON. That explains then the average number of all employees.

Mr. MOWITT. Yes, sir.

Mr. FENTON. What is the figure of 5,764 that you show for 1954?

Mr. MOWITT. That would be all employees, full-time, temporary, w. a. e.'s who are paid from the budgeted funds, direct appropriation, reimbursements from Federal agencies and reimbursements that come from States, counties, and municipalities.

Mr. FENTON. Thank you very much. That will be all unless you have something else to add.

Mr. WRATHER. Nothing else.

Thank you very much for your consideration.

THE JOHN FRITZ AWARD TO THE DIRECTOR

Mr. FENTON. Without objection, Mr. Wormser wants to make a statement regarding our good friend, Dr. Wrather, who is receiving an award tomorrow.

Mr. WORMSER. Mr. Chairman, I would like to announce that Dr. Wrather will receive the John Fritz Medal Award on next Thursday, February 4. This happens to be the highest scientific and engineering award that any engineer may receive, and it is a signal honor. I am sure that the committee would like to be apprised of that fact.

Mr. JENSEN. I may say for the committee that it gives us great happiness to know that our good friend, Dr. Wrather, is to be so recognized. We all know that he is entitled to that fine recognition.

Mr. WRATHER. Thank you ever so much.

FRIDAY, JANUARY 29, 1954.

BUREAU OF INDIAN AFFAIRS

WITNESSES

ORME LEWIS, ASSISTANT SECRETARY FOR PUBLIC LAND MANAGEMENT
GLENN L. EMMONS, COMMISSIONER
W. BARTON GREENWOOD, EXECUTIVE OFFICER
SELENE GIFFORD, ASSISTANT COMMISSIONER, COMMUNITY SERVICES
ERVIN J. UTZ, ASSISTANT COMMISSIONER, RESOURCES
JAMES R. SHAW, CHIEF, BRANCH OF HEALTH
EVAN L. FLORY, CHIEF, BRANCH OF SOIL CONSERVATION
ALLAN G. HARPER, AREA DIRECTOR AT WINDOW ROCK, ARIZ.
JACK CARMODY, DIRECTOR OF NAVAHO SCHOOLS
DON C. FOSTER, AREA DIRECTOR AT MINNEAPOLIS, MINN.

Mr. JENSEN. The committee will come to order.

We are happy to have with us Mr. Emmons, who is the Commissioner of the Bureau of Indian Affairs and the Bureau staff.

This is the first time you have appeared before this committee, I believe, Mr. Emmons?

Mr. EMMONS. Yes, sir.

Mr. JENSEN. You and I met for the first time a few weeks ago, and we had a very nice visit in regard to a number of things pertaining to this great responsibility that you have undertaken.

I must say I was impressed by the knowledge that you had already obtained regarding this job you have to do.

I do want to say for the record that I felt more or less acquainted with Mr. Emmons because of the fact that he for many, many years has been a very close friend to a brother of mine, brother Neal, who lives in Albuquerque, N. Mex. I have heard brother Neal sing the praises of Mr. Emmons for so many years. I felt very happy when Mr. Emmons was appointed Chief of the Bureau of Indian Affairs.

Mr. EMMONS. Thank you, sir.

Mr. JENSEN. It is a businessman's job, and, certainly, you are a businessman.

That has been your profession all during your adult life.

I am happy that this committee has the privilege of hearing you, Mr. Emmons.

It is customary to ask a person who is appearing for the first time before the committee, and who occupies a responsible position in the Interior Department to give a short history of his past life, and the positions which he has held.

BACKGROUND OF COMMISSIONER

Mr. EMMONS. Well, thank you, sir, Mr. Chairman. I want you to know that I do appreciate those very, very kind words which you stated regarding me, and I do appreciate the very close relationship I have had with your brother in New Mexico.

Mr. Chairman and members of the committee, I might say that I was born at Atmore, Ala., and my family moved to Albuquerque, N. Mex., when I was 9 years of age. I lived at Albuquerque, N. Mex., and attended the University of New Mexico until my junior year in college, when World War I started, and after serving in the United States Air Force in that war, I went to Gallup, N. Mex., in 1919.

I have been engaged in banking in that community during that whole period of time up to the time that I was appointed as Commissioner of Indian Affairs.

I might say that in 1919 when I first went to Gallup the Navaho Tribe had a population of approximately 30,000 people, and now it is a tribe with a population estimated pretty close to 75,000. You might say I have seen it grow up into a good-sized community.

Gallup is located within 9 miles of the Navaho Reservation, and during that period I have had very close business relationships with members of the Navaho Tribe, the Zuni, Mohave, the Laguna, and with some of the Hopi.

Those tribes are all located within our trade area, as you know.

My connection with the University of New Mexico—while I am not a graduate, having left during the war—I have served on the board of regents of the University of New Mexico, and I also served for 3 years, straight terms, as president of the alumni association of the University of New Mexico.

I do not like to make this too personal, sir.

Mr. JENSEN. That is perfectly all right. Go ahead, sir.

Mr. EMMONS. In my banking connections I have served as president of the New Mexico Banking Association, and also as national treasurer for two terms of the American Bankers Association, serving in that capacity from 1949 to 1951.

I have also been on the executive council of the American Bankers Association; on the finance committee of the American Bankers Association; on the Public Relations Commission of the American Bankers Association; on the administrative committee, and appointed to that job as 1 of 4 appointees appointed by our Budget Director, Mr. Joseph Dodge, when he was president of the American Bankers Association.

Is that sufficient?

Mr. JENSEN. That is sufficient, and very fine, sir.

I presume you have met Mr. Norrell?

Mr. EMMONS. Yes, sir.

Mr. JENSEN. Mr. Norrell and I came on this committee together 12 years ago, and we have enjoyed our friendship and experience on this committee.

This committee, as you know, deals with things that are of great importance to all the American people. As our colleague, Mr. Kirwan, from Ohio, likes to call it, it is the All-American Committee. We do things for America, here.

Mr. NORRELL. We surely do.

Mr. EMMONS. That is right.

Mr. JENSEN. And we try, as best we can, with the cooperation of the departments and the people who come here to testify, to do that which we feel is right and proper, and will inure to the benefit of every American.

There are times when we have been criticized a little for not appropriating enough money for certain things, but as we know, this Government of ours is not in very good financial condition at the present time.

There are times when we may reduce the request of the Departments to the point where some people may feel we have cut too deeply. However, I must say that generally speaking this budget request of the Interior Department this year—for almost every branch of the Department—has been scaled down to the degree where there is not a lot of fat in it.

Mr. EMMONS. Yes, sir.

Mr. JENSEN. However, we are going through each Department, as we have always done, with a fine tooth comb, and are examining each item to see if it is absolutely necessary. That is our responsibility, and I know it is your responsibility to see to it that the dollars we appropriate are spent judiciously and properly. I have not the slightest doubt but what you will see that that is done.

Mr. Emmons, I presume you have a statement which you would like to make?

Mr. EMMONS. I have an opening statement here.

Would you like me to present it?

Mr. JENSEN. Yes; you may proceed.

GENERAL STATEMENT

Mr. EMMONS. As indicated before, this is my first appearance before this committee as Commissioner of Indian Affairs. I am happy to be here. I hope that we can be helpful to you in presenting a clear picture of our request and in answering any questions you may have.

When I came to the job of Commissioner of Indian Affairs last August, I flattered myself that I had more than a little knowledge of the Indian people and their problems. As Commissioner, however, I have found that the work of the Bureau of Indian Affairs, is greater in volume and complexity than I had previously imagined.

Before I took office I had heard it said that there were more than 5,000 separate laws, as well as some three-hundred-odd treaties, affecting relations between the United States and the Indians. Today I know from experience what this large number of laws and treaties can mean in the conduct of daily business and I am sure that many of you will appreciate the type of administrative problems that we face. However, I do not intend to convey any picture of hopeless

confusion. There is work being done to simplify the great problem of Indian administration and there will be more such work.

In a few days there will come to the Congress a series of proposed bills providing for orderly termination of Federal responsibility for all Indians in 4 States and for 9 other scattered tribal groups. These bills are being submitted as required by House Concurrent Resolution No. 108 of the 1st session of the 83d Congress which was adopted shortly before I took office as Commissioner. The bills represent one approach to the overall objective of reduced Federal participation in Indian affairs. We are also actively exploring and pushing forward on several other lines toward this same objective.

One question which naturally arises is what effect will these termination bills have upon appropriations. Because it will take several years to bring about the readjustments, this program can have no immediate effect in 1955. Moreover, it appears certain that additional moneys will be required in 1956 and subsequent years to provide for the work that must be done by the United States before the proposed readjustments can actually be completed.

In the budget estimate before you there is a total of $80,534,230 for the work of the Bureau of Indian Affairs. This is a reduction of $3,588,530 from the amount that was appropriated for fiscal year 1954. Within the framework of this net decrease many program changes are provided for in the budget estimates which resulted in increases for some items and decreases for others. Taken in order, the situation looks like this. For "Health, Education, and Welfare services" the budget estimate is $54,105,320 compared with the 1954 appropriation of $52 million, an increase of $2,105,320. The budget estimate for the item "Resources management" is $13,092,910, or $160,850 less than the 1954 appropriation of $13,253,760. For "Construction" there is a 1955 budget estimate of $10,336,000 compared with a 1954 appropriation of $15,869,000, a decrease of $5,533,000. The budget estimate for "General administrative expenses" is $3 million, the same amount as was appropriated in 1954.

Under the appropriation "Health, education, and welfare services" the budget estimate before you reflects the discontinuance of Bureau responsibilities for operation of 17 hospitals and 5 boarding schools. This does not mean that we intend to abandon medical care for the people who have been served in the 17 hospitals or that we shall be relieved of all responsibility in providing education for the children who are now in attendance at the boarding schools which will be closed. The budget estimate reflects the necessary transfers of funds to provide for care of the patients at private hospitals on a fee basis and for education of the children in public schools under contracts providing for payment to the school districts. The increases in this appropriation come about partly because of the necessity to provide in 1955 for operation of newly constructed hospitals and schools which the Congress has authorized. The new hospital at Bethel, Alaska, will be ready for 1955 and the 400-bed hospital at Anchorage, Alaska, will have its first full year of operation in 1955.

There will be an increase of 440 boarding pupils in the boarding schools on the Navaho reservation and 180 boarding pupils in the community schools on that reservation because of the completion of renovation and construction work previously authorized by the Congress. There is included also an increase of $300,370 to cover

the cost of reallocation of teacher and dormitory attendant positions as ordered by the Civil Service Commission. Acting under authority of law, the Civil Service regional offices at San Francisco and at Denver have completed audits at the Bureau's schools in the Albuquerque, Phoenix, and Window Rock areas. It is estimated that the increase of $300,370 will cover the cost of reclassification in these three areas.

There is an increase of $300,000 under the welfare item for continuation of our program of placing Indian children in foster homes so that they may attend public schools rather than boarding schools operated by the Bureau. This program provides for placement of the children now attending Indian boarding schools which are being closed. It will also create vacancies in boarding schools scheduled for continued operation and these vacancies will be filled by Navaho children.

In this connection I want to emphasize that the education situation among the Navahos is one of our most acute and challenging problems. There are today over 12,000 Navaho children of school age who are not in school because of a lack of facilities. Moreover, the number of children in the school-age bracket is increasing substantially each year. Because this is an emergency problem, we are now making an intensive study to determine what steps can be taken to relieve the situation in the immediate future. Although the study is not completed, the indications are that we may be able to place about 2,000 additional Navaho children in school by the opening of the new term next fall. This would involve relaxing recognized standards applying to facilities and spacing arrangements. However, I believe that such measures are justified on a temporary basis in view of the acute emergency situation.

There is a small increase for the placement and relocation program to provide for additional assistance to Indian families who move from overpopulated reservations to communities where employment is available. There are some minor adjustments in the health and education programs which I did not mention. These are set forth in detail in the justification which you have.

For the appropriation "Resources management" the budget estimate provides minor curtailment of work under the forestry program, the agricultural and industrial assistance program, the soil and moisture conservation program, the irrigation maintenance and operation program, and the maintenance of buildings and utilities program and utilities program and provides for the complete elimination of the halogeton-control activity. There is an increase of $250,000 in the item for repair and maintenance of roads and trails to provide for improvement under this activity which will hasten the day when States and counties will find our roads acceptable for inclusion in their own systems for future maintenance. Also there is an increase of $198,900 for "Management of Indian trust property." This is by all odds the greatest immediate need of the Bureau. The increasing backlog of work in our real-estate management and estate-settlement activities is causing widespread concern, not only to us in the Bureau but to the Indians and many others who are interested in making productive use of Indian lands under lease arrangements. The

additional staff which the estimate would provide would not be great enough to eliminate the backlog, but it would enable us to make some improvement.

This improvement would be beneficial to the Indians and to the individuals and organizations who wish to lease lands from Indians for grazing, farming, mineral prospecting and oil and gas development. Many members of Congress are burdened with correspondence because of delays which occur in this work and your approval of the small additional staff requested will undoubtedly be of some help in relieving this burden.

The budget estimate for "Construction" is $5,533,000 less than the amount appropriated in 1954. The 1955 estimate includes $4,553,000 for buildings and utilities, $2,897,000 for roads and trails, and $2,886,000 for irrigation systems. Principal building projects included are dormitory and related facilities at the Keams Canyon Boarding School on the Hopi Reservation, completion of the Shiprock School, and reconstruction of the Shiprock Hospital on the Navaho Reservation; minor but important items are sewage improvements at Pierre School, San Carlos Agency, and Sequoyah School; improvement of the communication system and the water system on the Navaho Reservation; and major repair of buildings everywhere. The $2,897,000 for construction of roads includes $937,000 for such construction on the Navaho and Hopi Reservations. The $2,886,000 construction program for irrigation systems includes $1,085,000 for work related to the Navaho-Hopi rehabilitation program, including $440,000 out of a total of $880,000 for the Colorado River project; $220,000 for the Chui Chiu unit on the Papago Reservation, Ariz.; $200,000 for the San Carlos project, Arizona; $220,000 for the Flathead project in Montana; smaller amounts for work on 10 large projects in 7 States; and small amounts for miscellaneous projects and for surveys.

Finally there is the appropriation for the "General administrative expenses" of the Bureau for which the budget estimate is $3 million. This is the same amount as was appropriated in 1954. This appropriation finances most of the administrative work required by law to insure the proper operation of all Bureau programs. Executive direction is required to coordinate the diversified programs in order to insure the most fruitful results. Trained and experienced people must be available to pay the doctors, nurses, engineers, and others who work on the various programs. Similarly, people must be available to pay suppliers for the materials furnished for the operation of programs.

Accounting staffs must be available to maintain the necessary records. There must be a property staff to do a careful purchasing job and to manage the supplies and equipment on hand to insure their best use. Trained personnel workers must be available to locate and hire people in the many different occupations and to do the personnel-management job required by law. And there must be a competent budget staff to develop the information and reports required by the Bureau of the Budget and the Congress.

Mr. Chairman, with your indulgence, may I make a few remarks in addition to this?

Mr. JENSEN. Yes, indeed.

Mr. EMMONS. As you know, I took office as Commissioner on August 10 of this last year. On the day of my appointment by the President, he told me that he would like for me to make a trip over the country to visit the major tribal groups of the country just as quickly as I could possibly arrange to do so, and, consequently, on September 5, I started out on the first leg of this trip.

During that period and up to November 16, I believe that I visited with representatives, at least, of every tribe in America.

I realized before I took this job that the situation among all Indians was different. I have always said that they had different problems; their traditions were different. I did not think that we could apply the same yardstick to any tribal group. This trip confirmed my impression, and I believe that that is absolutely true.

In this trip over the country—while time was limited—I did find in many areas conditions which would be difficult to describe. I do not think that you can describe the situations at some of the reservations other than to say they are nothing less than rural slum areas.

I found that there are three things to accomplish the purpose of Congress—the feeling of Congress—that we must eventually terminate the services given the Indian by the Federal Government. There are three things that we must stress before that time comes for all the tribes, and that is to stress health, education, and some type of economy being developed for some of these people. I think that those things are the essential things that we should strive to do.

If we expect to get the Indian mind receptive to education, I think the body certainly has to have health. And certainly, before we can well qualify these people to enter into some type of living to increase their standard of living they are certainly going to need health and education.

I am dedicating myself to this job because it does offer a challenge to do a job for a people that I certainly have developed a very deep interest in over the thirty-some-odd years I have dealt with them and, I feel, gentlemen, that we have to face it. We are in a position of a colonel in command of a certain sector on the front, and I have been given instructions to capture this hill that lies in front of my sector in a certain given number of days, and to accomplish that objective, naturally, I do need ammunition and weapons.

It is my fondest hope that by next year we can show where we have made inroads on this problem.

I might say, if this is permissible for me to say it, that I am trying to get free help from some of the sounder outside foundations to explore certain areas to let us know what might be developed to establish some type of living for those people in the areas of the reservation.

I do not mean, necessarily, on the reservation, but I mean to induce industry to come in and maybe to employ a large number of these Indian people where it is not practical for us to bodily pick them up and remove them somewhere else.

The relocation program has the greatest possibilities of anything that the Bureau has ever attempted, in getting some of these Indians removed from the reservation and establishing them in places where they might get permanent employment.

I think that you, Mr. Chairman, have expressed a great interest in this, that we might be able to get some of these people located in

the smaller communities, too. I think that we have to attack this from every conceivable angle, because time is of the essence, and if we do not do something on the Navaho—and I say that time means so very much—in another 10 years, we are going to have the problem compounded, because we are going to have in that ime at least 15,000 more Indians, and I say that we have to attack the things at the roots and move as fast as we can.

I have taken up too much of your time now, sir, but I do appreciate the opportunity of expressing myself.

Mr. JENSEN. Thank you for that statement, and I am sure that you will do just what you said.

I certainly think it is wonderful that you made this trip around to the reservations, because seeing is knowing, and you have a terrific job.

Mr. EMMONS. Yes, sir.

Mr. JENSEN. There is no question about that. This committee has battled with this problem, as members of the Indian Bureau and the Department of the Interior and many other people have, for a long, long time, and it seems that we have made little progress. It appears that we have taken not the best approach to the solving of the problems, and I sincerely hope, and I believe that through your jurisdiction progress will be made in the right direction.

HEALTH, EDUCATION, AND WELFARE SERVICES

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$51,801,000	$52,000,000	$54,105,320
Available from subsequent year appropriation (48 U. S. C. 50d–1)	655,530	800,000	800,000
Available in prior year (48 U. S. C. 50d–1)	−659,826	−655,530	−800,000
Reimbursements from non-Federal sources	17,901	10,000	25,325
Reimbursements from other accounts	28,030	38,000	
Total available for obligation	51,842,635	52,192,470	54,130,645
Unobligated balance, estimated savings	−2,634,622	−700,000	
Obligations incurred	49,208,013	51,492,470	54,130,645

NOTE.—Reimbursements from non-Federal sources above are from the proceeds of sale of personal property (40 U. S. C. 481 (c)).

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
Direct Obligations			
Appropriated funds:			
1. Hospitals, disease preventive, and curative services	$19,468,681	$21,035,544	$23,000,000
2. Educational assistance, facilities, and services	25,780,716	26,055,926	26,436,970
3. Welfare and guidance services	2,998,423	3,429,000	3,581,280
4. Placement and relocation services	566,063	579,600	750,000
5. Maintaining law and order	348,169	344,400	337,070
Total obligations from appropriated funds	49,162,082	51,444,470	54,105,320
Reimbursements from non-Federal sources:			
6. Replacement of personal property sold	17,901	10,000	25,325
Total direct obligations	49,179,983	51,454,470	54,130,645
Obligations Payable Out of Reimbursements From Other Accounts			
1. Hospitals, disease preventive, and curative services	15,582	18,000	
2. Educational assistance, facilities, and services	12,448	20,000	
Total obligations payable out of reimbursements from other accounts	28,030	38,000	
Obligations incurred	49,208,013	51,492,470	54,130,645

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Total number of permanent positions	7,995	8,441	8,464
Full-time equivalent of all other positions	219	225	225
Average number of all employees	7,302	8,010	8,070
Average salaries and grades:			
General schedule grades:			
Average salary	$4,048	$4,060	$4,052
Average grade	GS–5.5	GS–5.3	GS–5.3
Crafts, protective, and custodial grades:			
Average salary	$2,793	$2,840	$2,897
Average grade	CPC–3.2	CPC–3.2	CPC–3.2
Direct Obligations			
Appropriated funds:			
01 Personal services:			
Permanent positions	$25,113,863	$28,109,503	$28,757,220
Other positions	778,663	790,781	792,800
Regular pay in excess of 52-week base	96,657	108,026	109,080
Payment above basic rates	1,217,624	1,442,335	1,495,691
Other payments for personal services	96,368	119,200	119,200
Total personal services	27,303,175	30,569,845	31,273,991
02 Travel	860,167	825,448	844,505
03 Transportation of things	474,954	498,465	512,564
04 Communication services	186,918	125,288	124,251
05 Rents and utility services	766,844	756,981	771,164
06 Printing and reproduction	42,393	23,920	22,815
07 Other contractual services	5,698,048	4,416,494	5,214,178
Services performed by other agencies	245,591	231,380	220,680
08 Supplies and materials	8,458,030	9,843,360	10,382,670
09 Equipment	1,550,187	407,280	587,600
10 Lands and structures	6,290		
11 Grants, subsidies, and contributions	4,810,116	5,232,190	5,573,620
13 Refunds, awards, and indemnities	200		
15 Taxes and assessments	53,747	47,477	47,953
Subtotal	50,456,660	52,978,128	55,576,000
Deduct charges for quarters and subsistence	1,294,578	1,533,608	1,470,680
Total obligations from appropriated funds	49,162,082	51,444,470	54,105,320
Reimbursements from non-Federal sources:			
09 Equipment	17,901	10,000	25,325
Total direct obligations	49,179,983	51,454,470	54,130,645
Obligations Payable Out of Reimbursements From Other Accounts			
07 Other contractual services	23,456	23,500	
08 Supplies and materials	4,574	14,500	
Total obligations payable out of reimbursements from other accounts	28,030	38,000	
Obligations incurred	49,208,013	51,492,470	54,130,645

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year	$5,912,133	$7,765,944	$7,999,414
Adjustment in obligations of prior years	937,498		
Obligations incurred during the year	49,208,013	51,492,470	54,130,645
	56,057,644	59,258,414	62,130,059
Deduct:			
Reimbursements	45,931	48,000	25,325
Unliquidated obligations, end of year	7,765,944	7,999,414	8,104,734
Total expenditures	48,245,769	51,211,000	54,000,000
Expenditures are distributed as follows:			
Out of current authorizations	42,923,681	43,055,470	45,300,000
Out of authorizations to expend from subsequent year appropriations	659,826	655,530	800,000
Out of prior authorizations	4,662,262	7,500,000	7,900,000

Mr. JENSEN. Will you briefly review the increases on page 4 of the justifications?

Mr. EMMONS. Mr. Chairman, may I have Mr. Greenwood do that?

Mr. JENSEN. Yes; we shall be glad to hear from Mr. Greenwood.

Mr. GREENWOOD. Mr. Chairman, the first appropriation item is for the health, education, and welfare services.

That is, as you know, to finance five principal activities: The health program, the education program, the welfare program, the placement and relocation program, and the program for maintaining law and order.

The health program which appears on page 4 carries an estimate for 1955 in the amount of $23 million, as compared with $21.4 million which was appropriated for this fiscal year, which is an increase of $1.6 million.

There are some adjustments representing increases and some representing decreases within that item.

HOSPITAL SERVICES

The first item is hospital services, which represents the amount of money requested for the operation of the Bureau's hospitals.

Mr. JENSEN. How many hospitals are involved in that request?

Mr. GREENWOOD. In 1955 we propose the operation of 43 hospitals: 35 in the States and 8 in Alaska.

Mr. JENSEN. Are you not considering the discontinuance of some small hospitals?

Mr. GREENWOOD. Yes, sir; we are.

Mr. JENSEN. Will you tell us about that program, and where they are?

Mr. GREENWOOD. There are 17 altogether. There are 2 in California—the Fort Yuma and Hoopa Hospitals; 1 in South Dakota at Sisseton, S. Dak.; 1 at Winnebago, Nebr.; 1 at Albuquerque, N. Mex., which is the Albuquerque General; the Edward T. Taylor Hospital, in Colorado; the Mescalero Hospital in New Mexico; Clinton Hospital in Oklahoma; Kiowa Hospital in Oklahoma, which is proposed for operation for only one-half year; the Pawnee-Ponca Hospital in Oklahoma; the Fort Peck Hospital in Montana; the Fond du Lac Hospital in Minnesota; the Cherokee Hospital in North Carolina; the Claremore Hospital in Oklahoma; the Choctaw Hospital in Mississippi; the Colville Hospital in Washington; and the Warm Springs Hospital in Oregon.

In those cases we have made preliminary studies which indicate that there are adequate hospital facilities outside of the Bureau to take care of Indian patients. Funds are provided in the program in another item that will enable us to pay for the cost of hospitalization of the Indians who were formerly hospitalized at these hospitals in non-Bureau facilities.

Mr. JENSEN. Will they receive as good or better hospitalization services under the new plan?

Mr. GREENWOOD. Yes, sir; I think we can say that in most cases they will receive better care.

Mr. JENSEN. Will they be taken a long distance away from their reservation?

Mr. GREENWOOD. No, sir; in most cases the distances will be no greater than they have to travel now, to get to their own hospital.

Mr. JENSEN. And, what about dollar savings; will there be any?

Mr. GREENWOOD. We hope that eventually there will be a dollar savings.

This budget, frankly, does not reflect that, because we need to get the experience before we can determine whether or not we can offer a reduction.

Mr. JENSEN. Is the Taos Hospital operating now, sir?

Mr. GREENWOOD. No, sir; the hospital is not operating as such; there is a clinic there.

Mr. JENSEN. Is there a doctor and a nurse stationed there?

Mr. GREENWOOD. Yes, sir; it is operated as a clinic for outpatient treatment, and emergency service. We have a continuing program for the review of all of our facilities—the hospitals and schools also—to try to work out ways and means whereby the Indian patients and the children can be accommodated in community facilities, hospitals, or schools, whichever the case may be.

There are two principal reasons for that: One is that many of our hospitals are high-cost hospitals, from the standpoint of utilization. When you have a small number of patients on the average as compared with the capacity of the hospital, obviously the per diem cost of the patient is very high.

Mr. JENSEN. Yes; I noticed that.

STAFFING OF HOSPITALS

Mr. GREENWOOD. We have another problem also, which is becoming increasingly difficult for us to meet, and that is the problem of trying to keep these hospitals staffed. We have been able to keep some of our hospitals running only because we have been able to obtain assistance from the United States Public Health Service through the detail of commissioned officers. They have been able to extend that help because of the draft act, under which doctors have been drafted, and have been allowed to take commissions in the Public Health Service and, in turn, have been detailed to us, but as you know, fewer people are being called up under the draft act, and we are fearful that within the very near future that source of supply for positions of physicians will be exhausted.

We have had a continuous problem in attempting to provide sufficient staff nurses for our hospitals, and that problem is continuing to be increasingly more difficult to meet.

For those reasons, we have tried to accelerate our program of review of our institutions with the view of closing those of high cost and those where we have had difficulty recruiting a staff.

BED-SPACE UTILIZATION

Mr. JENSEN. For Alaska, I note you are asking for $1,038,102 for bed utilization, which represents an increase of 144 patients and which is an average of about $7,000 per bed.

That is considerably higher than the cost per bed in any hospitals on the mainland?

Mr. EMMONS. Yes; that is true.

Mr. JENSEN. Over $2,000 per bed more?

Mr. GREENWOOD. Our hospital operations in Alaska, of course, are more costly because we have to pay a 25 percent differential on salary, and the cost of getting people to these stations, and the cost of getting supplies there is higher than in the States.

TUBERCULOSIS SITUATION IN ALASKA

Mr. JENSEN. Can you give us a report on the tuberculosis situation in Alaska, as to whether it is decreasing or increasing among the natives of Alaska?

Mr. GREENWOOD. If you prefer, Dr. Shaw, the head of our health program, is here, and I think he can discuss it in more detail.

Dr. SHAW. Well, it is decreasing slightly, as it is throughout the country. However, in the northwestern section of Alaska, which is a tremendous area, as you know, the tubercular rate is approximately 10 percent of the total population, and there are areas where 1 percent of the population dies each year of tuberculosis.

Mr. JENSEN. It is especially prevalant among children; is it not?

Dr. SHAW. It includes the entire population. The children, of course, receive it early because of the prevalence of the disease among the adults as well as the children, and the conditions under which they live with very cramped quarters, poor ventilation, and the like.

Mr. JENSEN. Do you think it is decreasing?

Dr. SHAW. The morbidity statistics show a slight decrease. It has gone from over 800 to slightly less than 600. It is still many, many times the average for the white population.

HOSPITALS IN ALASKA

Mr. JENSEN. Is the hospital at Anchorage in operation?

Dr. SHAW. It opened the end of November.

Mr. JENSEN. How many beds are in that hospital?

Dr. SHAW. Four hundred.

Mr. JENSEN. That is a good-sized hospital; is it not?

Dr. SHAW. Yes, sir; it is a nice one.

Mr. JENSEN. That should relieve the situation to some degree; should it not?

Dr. SHAW. All in all, with the opening of the Anchorage Hospital, when and if, we can get it started, plus the expansion of beds at Mount Edgecumbe and other Alaska hospitals, the use of the Seward Hospital and the Methodist Hospital and all other hospitals in the Territory—private and otherwise—will give slightly less than 1,000 tubercular beds for the Territory, which is not really adequate for the TB load that is there.

Mr. JENSEN. How many beds does the Seward Hospital have?

Dr. SHAW. We have 78 patients there, sir.

Mr. GREENWOOD. I think they have about 150 beds available, Mr. Chairman, and we have been utilizing there between 70 and 75 of those beds on a contract basis. We have money in the estimate for only 55 beds. The reason we have been able to utilize more than the 55 beds is because we have had savings as a result of the delay in the opening of the Anchorage Hospital, and we had diverted that money to Seward to permit us to utilize the additional beds.

Mr. JENSEN. What is the contribution made by the Methodist Ladies Society to the Seward Hospital?

Mr. GREENWOOD. I do not know exactly. That organization, I understand, is actually operating the hospital, and I presume that a certain amount of their funds go into the operation.

In other words, they do not depend entirely for operating costs on our patients, and on the other patients that they take from the Territory.

We do have an arrangement with them whereby they take at least 55 patients, and any more that we can find the money for.

Mr. JENSEN. I want the record to show that I believe the Methodist ladies have done a very wonderful and humane job in handling that hospital. I think the per-patient rate at Seward is considerably smaller than at any other hospital in the entire Indian service.

Mr. GREENWOOD. I think we are paying something around $12 a day for the patients there. That has been one of our difficulties. The rate has been increasing, and we have not obtained additional funds to match the increased costs, and as a result, we have had to utilize fewer beds.

Mr. JENSEN. You have 75 or 80 beds in that hospital that are not being utilized at the present time. Do you have a sufficient staff of doctors and nurses to handle a full capacity?

Mr. GREENWOOD. I understand they do.

Mr. JENSEN. Are Indians permitted to go into that hospital and pay their own way if they are financially capable?

Mr. GREENWOOD. Yes, sir.

Mr. JENSEN. And do they do that?

Mr. GREENWOOD. So far as I know, they do; yes, sir.

Mr. JENSEN. I cannot quite understand why the hospital is not running at full capacity when there is such an urgent need for hospital facilities in Alaska.

Mr. GREENWOOD. Well, the reason we have not put more patients in there is because of the limitation on funds. We put as many in there as we can pay for, and we have been utilizing a greater number of beds than we have actually budgeted money for, due to the fact that we have had savings in the operation of our Anchorage hospital resulting from the delay in opening that institution, and we have diverted those savings to the Seward sanitorium in an effort to utilize as many beds as we could with available funds.

Mr. JENSEN. Do they have modern facilities?

Mr. GREENWOOD. I understand so; yes, sir. It is a modern hospital.

Mr. GREENWOOD. Mr. Chairman, I would like to make it a little clearer that there are not 75 available beds not being utilized in the sanitorium today. They would like to have the Bureau utilize as many as 75 beds. They have a capacity of 150 beds, but they have patients from other sources.

Mr. JENSEN. I was wondering about that. That was what was bothering me.

Mr. GREENWOOD. We have, as I said, money in our estimates for only 55 patients, but have been able to utilize a greater number of beds than that because of savings in other items. They would like us to commit ourselves to the use of about 75 to 80 beds because they would need to draw that number from other sources in order to permit

them to continue to operate the hospital, because their patients from other sources amount to only about 75. We are paying $12.50 a day per patient there.

Mr. JENSEN. And you have money in here for how many?

Mr. GREENWOOD. 55.

Mr. JENSEN. How much would it cost for about 20 more?

Mr. GREENWOOD. It would take about $91,250.

Mr. JENSEN. Thank you.

INSUFFICIENCY OF HOSPITAL FACILITIES

Mr. JENSEN. Will the increase of $1,978,897 for the hospitals, disease preventive and curative services, provide good medical care for all Indians who need it? Could you answer that? Or, will your answer be that we do not have hospital facilities for all the Indians that need hospitalization today?

Mr. GREENWOOD. I think that is correct, Mr. Chairman. With this amount of money we are certainly going to do the best job we can.

Mr. JENSEN. We are working toward giving medical care to all Indians who need it.

Mr. GREENWOOD. That is true, and we are trying to do it without constructing additional Bureau facilities. We are trying to do it through the utilization of community facilities. That is much more possible today than it was 20 years ago.

TRANSFER OF FACILITIES TO PUBLIC HEALTH SERVICE

Mr. JENSEN. What did your survey team suggest or recommend in this instance for hospitalization?

Mr. GREENWOOD. The survey team that was selected by the Secretary to make the review of our Bureau operations recommended the transfer of our health program to the United States Public Health Service.

Mr. JENSEN. What would have to be done in order to accomplish that? What would be the first step?

Mr. GREENWOOD. Legislation is now pending before the Congress to effect such a transfer.

Mr. JENSEN. What would happen if the Congress passes it?

Mr. GREENWOOD. If they pass it, it is just a question of effecting the transfer of funds, staff, property, and buildings to the Public Health Service at once.

Mr. JENSEN. All administration, doctors and nurses would be under the jurisdiction of the Public Health Service?

Mr. GREENWOOD. That is correct.

Mr. JENSEN. Do they estimate it would cost less and be more efficient than the way it is operated now?

Mr. GREENWOOD. I do not recall that they expressed themselves on that point, Mr. Chairman. I think they thought perhaps better medical care could be provided if the transfer were made.

Mr. JENSEN. Do they discuss it quite extensively?

Mr. EMMONS. No; I do not think so.

Mr. GREENWOOD. The discussion of it? No, sir.

Mr. JENSEN. They simply made the recommendation?

Mr. GREENWOOD. That is correct. Yes, sir.

EFFECT OF SURVEY GROUP'S RECOMMENDATIONS ON BUDGET FOR 1954

Mr. JENSEN. I believe, Mr. Commissioner, you made a statement to the effect that recommendations of the survey group would not affect the budget for 1954?

Mr. EMMONS. I doubt that they would, Mr. Chairman. That was in House Concurrent Resolution No. 108. Mr. Chairman, there is a period of time involved in effecting this. Of course, those bills will probably come up in the very near future. There are time limitations up to 5 years. It is possible we will have to have more money during that period to bring up this land status, and the probate work. In fact, I can anticipate we have to overcome the backlog that is existing at this time, and it might take quite a bit more money than allowed here. But I do not believe we are going to need any more funds in 1955, other than what is in here, to accomplish the purposes of 108, do you, Mr. Greenwood?

Mr. GREENWOOD. No, because we will need to make very careful surveys as to the work that must be accomplished after the enactment of the legislation.

SOIL CONSERVATION

Mr. JENSEN. The survey group recommends that all levels of the branches of soil conservation, extension and irrigation, and the range-management activities now in the Branch of Forest and Range Management be consolidated into a Branch of Land Operations. Have you gone into that?

Mr. EMMONS. I might say this: On extension I have always felt that I am a great believer in the county agent. I have always felt that they do a great work. The moment that I stepped in on this job I could see the possibilities for extension work being transferred to the States, believing we could possibly integrate the Indians' agricultural activities much more advantageously that way with the white community.

I might say we have explored that with the Secretary's approval. We took this up with the Agriculture Department and Agriculture is very, very much in favor of it. At this time we even have engaged in the policy of consulting with the Indians, and I have a field representative out consulting the Indians on this.

The Navaho Tribe I understand are presenting resolutions recommending the transfer of extension. That is one-third of the reservation population. I know there are pros and cons on irrigation. Mr. Flory is here.

Possibly he would like to make some statement on that.

Mr. JENSEN. Mr. Flory.

Mr. FLORY. We have been working on the possibilities of integrating Irrigation into this Land Operations Branch. There are several difficulties. There are three large irrigation projects that have both deeded and Indian land in them, and they are operated separately from the Indian agencies that are connected with them physically. They report directly to the area office the same as the agency.

It would be rather difficult to bring these two different groups together under an Indian agency staff. Irrigation also works on white lands. The range group works, of course, strictly on rangelands; and conservation strictly on the irrigation lands, but only on the Indian portion. The soil conservation group works with appropriated funds through the agricultural and conservation programs. The irrigation group works with moneys that they collect from the operators and then the construction costs are reimbursable.

Therefore, the funds are of three different kinds and it would be pretty difficult to reconcile them in fiscal accounting.

The technicians are distinctly different. The irrigation technicians are working on the design of irrigation works and power; and they also have four power projects. The two different types of technicians could not be given assignments in both fields because of the difference in experience and training.

Mr. JENSEN. I can well understand that.

Mr. FLORY. The heads of these irrigation projects as far as classification are concerned, have a higher classification in some cases than the superintendents. These are the reservations that consume irrigation water. For them to be over with the Land Operations group, with which they have now no connection, would seem to be a rather difficult thing to do because it is an entirely new field in which they have no experience. Mr. Miller, the head of the Irrigation Branch, Mr. Utz, and I have been working on that for the last 3 or 4 days, area by area and project by project.

We cannot see how it would be any better for them to come into the Land Operations Branch, than just to stay as they are. They would not effect any savings and not make operations any smoother or more economical or more efficient.

Mr. EMMONS. I might say we have this report under review now and I have a team working on that to see how much of it is practical to put into operation.

Mr. JENSEN. All right.

Mr. Commissioner, maybe you have not been informed yet but some folks call me a fanatic on soil conservation. Well, maybe so. But I have many times made the statement that until we can make the Indian lands more productive we will never improve to any marked degree the economy of the Indians.

Mr. EMMONS. I agree with you, sir.

Mr. JENSEN. How many acres of land are on the Indian reservations, the main ones?

Mr. EMMONS. There are 56 million acres altogether that we have in trust.

Mr. JENSEN. 56 million?

Mr. EMMONS. Yes, sir.

Mr. JENSEN. And you are asking for less than $2 million for soil conservation. That is about 3 cents an acre. I must give you credit, however. You have asked for more than the Bureau of Land Management did. They asked for no more than a penny an acre for their 180 million acres. The Park Service asked for about 2 cents an acre. And you fellows are asking for about 3 cents an acre. I want to compliment you. You seem to be more interested in soil conservation than those other two branches of the Service.

Mr. GREENWOOD. There is no question, Mr. Chairman, but that our program has resulted in immense benefits to the land and Indian users.

Mr. JENSEN. I have traveled around over these public lands and Indian lands, and so on. I have seen the terrific erosion that is filling our big multipurpose dams with silt. That silt is valuable if it is kept where it belongs—on the land. It is precious.

This land of ours is gradually going to pot, so to speak, and much of it is past redemption. I recently traveled around the world and went into many nations of the Old World that used to be productive nations. Now they are crying for bread because they forgot their land would wear out.

As I travel over the Western States I see the same thing happening. Our population is increasing at the rate of over 2½ million a year and I am fearful that America's future generations will also be crying for bread. Because certainly within the next 40 to 50 years, unless we can get a lot more land into production, our food supply is going to be scarce to the degree where we might have to pay not just 22 percent out of our income for food, but possibly 50 percent or 60 percent.

You know, the rest of the world on an average pays about 70 percent of their income for food. India pays 93 percent of their income for food. We are now paying 23 percent of our income for food, and we have the other 77 percent to spend for clothes, automobiles, refrigerators, television, and everything else that goes to make us the greatest Nation in the world. The rest of the world have 30 percent of their income left, and there is the answer as to why we are so blessed here in this great America of ours.

I have said time and time again that our future generations must pay 50 and 60 percent of their income for food when we of this generation spend only 23 percent of our income for it. The reason for that increase is that we let the most precious thing that we have in America—outside of our children and the people—be wasted away day in and day out.

I am thankful that soil conservation is going forward on private land. But we are certainly doing a miserable job on public lands. We cannot defend it by any stretch of the imagination. We are in a poor financial situation and we cannot spend what we should. I realize that. But I still say we cannot defend the little amount we are spending to save this priceless soil of ours.

Each year this committee—almost every year I believe for the past 10 years—have given a little more to each branch of the Service for soil and moisture conservation than the Budget requested. And, it has been used. It has been used in the most commendable manner. I have had many visits with Mr. Flory. He brought a young chap into my office last summer, from North Carolina, who went down there 6 years ago as a soil conservation technician on the Cherokee Indian Reservation. They showed me pictures of the condition of that reservation, both homes and land.

Then they showed me pictures that were taken last year; and told me the story of that great program and what a wonderful thing it had been for those Indian people—and, it was done with very little money. They just got the Indians interested.

They painted their homes, built fences and contoured their acreage. They did everything to make for a better life. Then I read some testi-

monials from those Indians. What a great job that young chap did. What was his name?

Mr. FLORY. Gilliland.

Mr. JENSEN. He is a master. Where is he now?

Mr. FLORY. He is still there.

Mr. JENSEN. Mr. Emmons, do you know that story?

Mr. EMMONS. Yes, sir. I have heard about that.

Mr. JENSEN. It is one of the most wonderful stories of a job well done that a young American ever conducted. It just warms your heart and makes you proud. After you know the story, you know that this thing can be done. Conservation of our precious soil can be done without bankrupting the Treasury of the United States, or even scarcely nicking it.

I want to compliment Mr. Flory for the good work he has been doing. He has soil conservation in his blood and that is what it takes to be a good soil conservationist.

Mr. EMMONS. That is right.

Mr. JENSEN. You have to eat, sleep and live it all the time. I hope, Mr. Emmons, that you will be able to instill into every man that is under you in your office, and among the Indians, the great desire to conserve that precious soil.

I received a letter from an Indian a couple of years ago that I wish I had here now. He said, "A few years ago I was having an awful time getting along." Then the Soil Conservation Service came down and showed me how to treat my soil. Now you do not have to worry about me or my family any more. We will get along."

It was a wonderful letter.

What is needed is just to have someone out preaching the gospel of soil conservation all the time. And thank God that so many ministers of the Gospel have even taken on the job of talking about it from the pulpits of the churches of the United States.

I have been to soil-conservation meetings, little and big, and generally there is a minister of the Gospel there.

Someone suggested that there should be an 11th commandment. That is, it would be a sin to rob the soil of its productivity; and that each one of us should pledge to leave the soil better and more productive than when we acquired it. That impressed me.

I coined a word a few years ago that I thought was descriptive of the person who does not take care of his soil. That word was "soilicide." He is one who commits a crime against the soil. I still think that a man who does not take care of his soil commits a criminal offense against his brothers.

So again I say, Mr. Emmons, that you can go right ahead and in the next appropriation you can ask for double that amount for soil conservation, and if the good Lord permits me to be here, you will have no trouble with me, I can assure you.

Mr. EMMONS. I thank you, sir. I share your enthusiasm on that project too, Mr. Chairman.

(Discussion off the record.)

Mr. JENSEN. I wish you had seen my district 15 years ago when I came to Congress, and I wish you could see it today. It looked like a desert. There were thousands upon thousands of gullies. It made you sick at your stomach. Believe me, I went to work on it the minute I came to Congress and we got that district organized with a

soil-conservation district in every county. The farmers went to work too. I can show you out there now where they are farming land that 15 years ago you would have looked at it and said that it is past redemption. They are happy there.

You talk about flood control. About 7 years ago we had heavy rains just about where I live. It is quite a big valley, with 100 miles of farms. The river rose out of its banks and it flooded towns and farmlands. I went home and I started holding meetings all over the area. I pleaded with the farmers to contour and terrace and carry on soil conservation activities, such as the Soil Conservation Service recommends.

Two years ago we had twice as much rain in that valley as we had 7 years ago and the river never even got out of its banks. That shows you what can be done in just 5 short years. We raised more crops and everyone is happy.

ESTABLISHMENT OF OFFICE OF MANAGEMENT RESEARCH

Mr. JENSEN. I notice the study group also recommends the abolition of the Branch of Management Planning in the Division of Administration, and the establishment of an Office of Management Research in the Office of the Commissioner. I suppose you have not had time to go into that, Mr. Commissioner?

Mr. EMMONS. No, sir.

NAVAHO HEALTH SERVICES

Mr. JENSEN. I see that Mr. Harper, the area director for the Navaho Reservation, is here.

Would you like at this time, Mr. Harper, to say something about the health problem in your area?

Mr. HARPER. Well, I am not here with a prepared statement, but I would like to make a comment on our new contract system for tuberculosis beds.

I think I can honestly report to you that this system is really working. We now have around 400 patients under treatment in contract hospitals, including those that are at Fort Defiance, where we have 100.

We are meeting the problem much better than we were. We are not solving the problem yet, because I think we need more beds. One of the things that worried us was whether or not the Navahos would go off the reservation to these hospitals with whom we contract. We have them in California, southern Arizona, Colorado, and New Mexico. As an example of their responsiveness, along in May of last year we made a contract with the Fort Stanton State Hospital in the southern part of New Mexico for 80 beds. The doctors told me it would take probably most of the summer to recruit, that is, to persuade the patients to go. Actually we ran over our quota of 80 within 30 days.

I think it is very heartening, Mr. Chairman, that the Navahos are now conscious of their need for tuberculosis treatment. I notice and I am told that the budget would carry additional beds for next year. My own opinion is that this is a sound program and ought to go forward. At the same time, the Navahos want a hospital and tuber-

culosis facility of their own located on the reservation. Although that is not in the cards right now, the contract system does supply a very, very fine and immediate answer to our outstanding health problem.

Medically our great problem is staffing, that is, getting and keeping good doctors and nurses.

Mr. JENSEN. Are there Indians in your area now that should be hospitalized that are not hospitalized?

Mr. HARPER. Tuberculosis people? Yes, sir.

Mr. JENSEN. Very many?

Mr. HARPER. Yes, sir. We are turning away at our hospitals today people who should be in our hospitals.

Mr. JENSEN. How many would you say?

Mr. HARPER. I do not have the statistics to answer that. Dr. Shaw may have them. But we tried to get at that problem when he was recently with us on the survey team. We are taking at Fort Defiance only emergency and critical cases. Elective surgery is not within our staff's capabilities because of the lack of nurses. This is one of our basic problems in running a health program on the Navaho. We have got to do something to solve the problem of recruiting able doctors and nurses to live on the reservation.

I think there are two factors that enter into the picture. One is the isolation that professional people do not have to take considering the market for doctors and nurses today throughout the United States; and the lack of recreational facilities, and all that. Quarters are a difficult problem for a superintendent to solve. Salary is a very great consideration. The average doctor today is getting, I understand, around $20,000, and we try to recruit for much less than $10,000.

In some way, I hope this re-evaluation of the problem that the Commissioner has requested will lead to a solution and help in the problem of the recruitment of the medical staff on the reservation.

Mr. JENSEN. How many hospital beds are available?

Mr. HARPER. For tuberculosis people around 400.

Mr. JENSEN. How many beds are available for the Indians in your area for regular ailments, such as accidents, and so forth? Would you supply that for the record?

Mr. HARPER. I will supply it.

Mr. JENSEN. Give the name of the hospital, the capacity, and the number of the doctors and nurses and attendants which you have at each hospital. Also the length of time or the average number of days that each patient remains in the hospital. Also give us an idea of how you handle a tuberculosis patient when you first learn of the infection. Tell us just what steps you take, and what curative methods you employ.

(NOTE.—The information requested may be found in the testimony beginning on p. 535.)

USE OF LATEST METHODS AND TECHNIQUES

Mr. HARPER. I would like to tell you, if I may, right now one interesting and very important feature of our tuberculosis program. We have a direct relationship with the New York Hospital, Cornell University Medical School in New York City. The Navaho Tribe itself made a contribution of $10,000 of tribal funds to assist this research

group in New York. They are continuously coming to the reservation. They bring to us all of the latest therapy being developed in the great New York Hospital—the last word. And some of the great men of tuberculosis are interested in the Navaho problem and come out to us.

I mention Dr. Walsh McDermott, who is the head of the department of medicine at Cornell University's Medical School and is directly in charge of this new therapy research in New York.

All of the X-rays and the sputum samples go to New York and are there analyzed. Our Dr. Dueschel, in charge of the Fort Definance Hospital, has the continuous supervision and the advice and help of the New York group. I think this is a very fine development in tuberculosis.

Mr. JENSEN. So you have available to you the latest findings of the best doctors and research centers in the country. Do you have any connection with the new health center recently completed in Washington?

Mr. HARPER. No, we do not.

Dr. SHAW. We are developing some connections with the various health institutes, such as at the National Institutes of Health, particularly in the uranium workers on the Navaho reservations mining uranium. There seems to be a definite carcinogenic action of the radioactive material. Only this week we were setting up a meeting with the tribal council in town to see if we could not arrange to have the workers examined and followed not only for their own protection and benefit, and to assist us at the plant, but to evaluate the actual effect of the radioactivity on various tissues of the body.

Another thing is the diet. The northwest portion of the reservation has a very restrictive and very inadequate diet. It is relatively untouched by civilization. The State Health Department of New Mexico has applied to the National Cancer Institute for a grant to study this problem and its relationship to cancer. With that we will have much valuable data on the health needs and for planning the nutritional program and the like for the area.

Mr. JENSEN. We have spent an awful lot of money to build this health center at Bethesda. It so happens that I am on the Subcommittee on Social Security, Health, Education and Welfare, and we have appropriated I think in the neighborhood of $100 million for the Health Department to go into research on all these diseases, such as cancer, tuberculosis, and many of the others. Certainly it is right and proper that the Indian Service should have the benefit of the findings that are made on these problems and diseases which are so prevalent among the Indians. Generally speaking, it is about the same as the whites, except that there is more tuberculosis among the Indians.

I hope that you will request that any findings of this nature that your agency is interested in will be made available to the Indians.

Dr. SHAW. We surely intend to do that and have started already. In addition we think we can very materially help them because in an area such as the Navaho we have a population relatively free of some of the influences of the society that the rest of us live in. For instance, arteriosclerosis and coronary occlusion are practically unknown among the Navaho and the Indians. We do not know why, because they have a relatively high fat content in their diet and may have

gallstones, which are a part of the same metabolism as those that affect the arteries. That is one of the major problems they are investigating at the Heart Institute, and we have had preliminary discussions on that already. So we will be interested in that in many respects.

NAVAHO HOSPITALS

Mr. JENSEN. You are building a hospital in Shiprock, are you not? There is money in the budget for it?

Mr. GREENWOOD. There is money in the budget for the reconstruction of the Shiprock Hospital. We have a hospital there now.

Mr. JENSEN. That will be $1,775,000 to improve the hospital?

Mr. GREENWOOD. No. To reconstruct and provide a new hospital.

Mr. JENSEN. To reconstruct completely?

Mr. GREENWOOD. Yes.

Mr. JENSEN. Good. How many beds?

Mr. GREENWOOD. 75 beds.

Mr. NORRELL. How do you ascertain whether or not you need additional beds? Do you have criteria or some rule that governs your thinking?

Mr. GREENWOOD. It is determined on the basis of actual surveys and demand for service.

Mr. NORRELL. When you get ready to close a hospital how do you reach your conclusion to do that?

Mr. GREENWOOD. There we also make a survey of the beds available in the community in other hospitals.

Mr. NORRELL. What are your minimum requirements? Do you have any basic reasons that govern you or is it just the general idea?

Mr. GREENWOOD. We know pretty definitely what the patient-load is. That is, among the Indians from our own experience in our own hospitals we know what it is, and then we determine from surveys among the other hospitals whether the same number or a greater number of beds might be available.

Mr. NORRELL. Do you utilize all possible available beds in the community before you undertake the construction of a hospital?

Mr. GREENWOOD. Yes, sir. That is our present policy.

Mr. NORRELL. How do you reach that conclusion? Do you have some figures or somthing to govern your thinking?

Mr. GREENWOOD. As I say, we have knowledge as to what the requirement is.

Mr. NORRELL. What is the requirement? In other words, if you wanted to construct a hospital in Albuquerque, N. Mex., because you thought you needed one, what would be the statistics that indicate you actually do need that hospital?

Mr. GREENWOOD. It would be based largely on experience and the demand for the hospital.

Mr. NORRELL. What is the experience, though? I am trying to get at what you base your decision on.

Mr. GREENWOOD. It varies, of course, from location to location. We take into consideration the total population, of course, in a given area, that needs hospital facilities. For example, we have under construction at the present time a new hospital in Tuba City. In arriving at the number of beds required for the hospital we took into

consideration the population in the area surrounding Tuba City that could be conveniently served by that hospital.

Mr. NORRELL. Do you have a certain number of beds per thousand people, or ten thousand people, or how is it determined?

Mr. GREENWOOD. Yes. In that particular instance we took into consideration the number of people that would be served and the number of beds required to meet the need.

Mr. NORRELL. How much population do you require?

Mr. GREENWOOD. Dr. Shaw, could you answer that question more specifically?

Dr. SHAW. Yes, sir. There are a number of facets to this Indian Hospital medical care problem that do not necessarily apply to the white population. For one thing, the medical load in the majority of our tribes is much greater than the white population. Among the Navahos, for instance, we have at least 10 times as much tuberculosis and for many other infectious diseases the prevalance is more than 10 times that of the general population. Other factors that enter into it are the degree of acculturation of the Indians and whether or not he will be accepted in the white community, and whether or not the Indian will go to the white community for his services.

Everything being equal, if he has reached that point in his development where he is willing to seek modern medicine rather than the medicine man, and where the public will accept him and where he will go to the public for his services, then we review the pressures that are present for medical care and hospitalization. In the ordinary white population the maximum that the Hill-Burton program will allow is 4½ general beds per thousand.

Mr. NORRELL. 4½ per thousand?

Dr. SHAW. Yes. Around 2½ per thousand for tuberculosis, or five times the annual tuberculosis death rate. We are struggling with this and still struggling with it with regard to the Navaho chiefly, because there we have so much of it. Yet it is a specific problem of that area to which we know the solution and we need only a matter of time and money to overcome it and bring it down to a level which is controllable and comparable to the white population.

So it would be silly to go in there and build hospitals to meet the present tuberculosis load, because we sincerely expect it is going to diminish quite rapidly not only under the present program but we hope in implementing it further we will help that program as it goes along. So that with regard to the Navaho we feel while there is a terrific pressure for literally thousands of tuberculosis beds, it would be silly to do anything except to contract for them in existing facilities.

California and the State of Washington both pretty much have their tuberculosis problem under control and are in the process of cutting back on their tuberculosis program. Hospital wards are being closed and actually tuberculosis hospitals are being closed for lack of patients. It would be the poorest economy to build another group of them on the Navaho to take care of them.

SHIPROCK HOSPITAL

Mr. JENSEN. I note the hospital at Shiprock, which we are proposing to build, costing $1,775,000, provides also living quarters for doctors and nurses and employees. Taking it altogether and dividing $1,775,000 by 75 beds we find that each bed will cost $23,666.

Isn't that a mighty high figure for beds in a hospital of this size?

Mr. GREENWOOD. Yes. It is a high figure, Mr. Chairman. Of course, for the hospital building itself the cost per bed is only $10,000. But because we have to provide all of these additional facilities that normally you would find in a community, such as housing and utility services, and so on, it runs the cost of the beds up above what it would normally be rather than if we had to build only the hospital itself.

Mr. JENSEN. How does that compare with hospitals built with private money?

Mr. GREENWOOD. I think our $10,000 figure for the hospital alone would compare more than favorably. $23,000 is hardly comparable because of the fact that normally communities do not have to provide as much housing as we do. They do not have to provide the extensive utility systems that we do, because they are available to them and they can connect into existing systems.

But because our hospitals in many cases are located in these isolated areas where you do not have these subsidiary services, we have to provide them and of course that increases the cost considerably. The same thing is true of our schools.

Mr. JENSEN. Could it possibly run the average up from $10,000 per bed to $13,000 on the average per bed?

Mr. GREENWOOD. If you look at that itemization on page 86 you will see where that additional cost goes.

Mr. JENSEN. I have been looking at it. There are a lot of items in here.

Mr. GREENWOOD. The hospital itself costs us $10,000 a bed; when we have to provide the quarters also that runs the cost up.

Mr. JENSEN. Is your heat and light included? That is, heating and lighting equipment?

Mr. GREENWOOD. We have to provide those facilities.

Mr. JENSEN. In addition to this?

Mr. GREENWOOD. Those have already been provided. At Shiprock we are reconstructing the Shiprock Boarding School and propose to complete that reconstruction next year with money included in the 1955 budget.

In connection with the reconstruction of the Shiprock Boarding School, we have provided adequate utility capacity to serve also the hospital. It is just a case of extending service lines out from the present powerhouse.

Mr. JENSEN. You know, there is one thing you always have to watch when an architect designs a building, whether it be a home or a building of any nature. All architects are prone to put in a lot of things and to specify a lot of things that cost 3 or 4 times more than standard equipment would cost. For instance, take a special door that an architect would design. He might put an extra piece of fancy work on a door or on the entrance. But let's just take the door itself. Do you realize that a specially made door is very apt to cost 3 or 4 times more than a stock door? The stock door in most instances is a more sturdy door and will last longer than the specially made door.

However, invariably the architect wants to put his own ideas into the building. It is a monument to him and he will put the strangest things into specifications for doors and for interior trim and for win-

dows that you could imagine. They are not as good as standard-made woodwork, but that does not make any difference to him.

Mr. GREENWOOD. We have certainly had that experience.

Mr. JENSEN. I might tell you that I went to a Government installation about 70 miles east of Albuquerque, N. Mex., a few years ago. They were building and some of the buildings were nearly completed. The first thing I saw was this specially made door. It had 2 glass panes that started within 16 inches from the bottom. There was no more sense in having glass at the bottom of the door than anything you could imagine. It was crazy. I will venture that that door would cost probably 3 or 4 times more than a stock door.

A few years ago I went to a reclamation project where they were building homes. I asked them how much the homes were costing them. It was a terrific price. I said, "When using the taxpayer's money, why did you build homes with 16 corners on them?" It is the corners that cost money. They had a hip roof and they had to run a hip from the valleys to every corner. Then on the inside they had to lath and plaster around all of those corners. Now that costs money. A four-cornered home would have cost less than half the amount to construct.

Shortly after that time I went to an Army engineers' project and they were building homes with the same amount of rooms with four corners with a gabled roof. They were beautiful homes and for a third of the cost that the Bureau of Reclamation was spending to build homes. Let us cut out that fancy business. They even had fireplaces. They had wonderful outdoor chimneys. I will venture that the man who draws the specifications for the Shiprock Hospital or any other hospital for the Government will specify specially made goods, which will cost 3 or 4 times more than stock-made goods. I hope you will watch that.

Mr. GREENWOOD. We try to do a good job in eliminating the frills.

Mr. JENSEN. I happen to be an old builder myself. I have not built great, big buildings, but I have had something to do with them. What kind of construction are you going to use? Stone? Brick?

Mr. GREENWOOD. This will probably be concrete type.

Mr. JENSEN. Reinforced concrete? Do you not have a lot of native stone down there?

Mr. GREENWOOD. Yes, sir; but it is expensive to use. I might say, Mr. Chairman, in accordance with the recommendations of the Secretary's survey team, the whole Navaho program is now under review. If in the review of the Navaho program we find that it is not necessary to build this facility, you can be sure we will not spend a dollar of the money that is appropriated.

EDUCATIONAL ASSISTANCE, FACILITIES, AND SERVICES

NAVAHO EDUCATIONAL PROGRAM

Mr. JENSEN. I think we had better spend a little time with the man in charge of education. Mr. Carmody, I believe you want to leave town today; do you not?

Mr. CARMODY. I wanted to leave this morning.

Mr. JENSEN. Mr. Carmody, you are the Director of Education of how big an area?

Mr. CARMODY. The Navaho Reservation comprises an area of approximately 16 million acres, 25,000 square miles. We have approximately 27,000 children of school age in the Navahos. The rest of the area consists of the Hopi Reservations and Indians going up to Utah.

Mr. JENSEN. Would you like to give us a word picture of the problem you have there in your educational program? Tell us what facilities you have now in as few words as you can and what you think you should have under present circumstances. We know we cannot get all of these children into school in 1 year, but give us an idea of what you would recommend in the way of school facilities for that area.

Mr. CARMODY. Briefly the problem is that about 12,000 of the Navaho children are not in school. Seats are not available for that number of children. The survey has been made recently by the team of the Bureau and the area personnel regarding the situation, and that information is now being closely studied to determine what can be done in line with the policy of providing minimum facilities at the least cost for the schoolchildren.

Mr. JENSEN. I would like to know your recommendations.

Mr. CARMODY. Briefly and broadly, children of elementary age should be educated as closely as possibly to their homes. There is not any one answer to that problem. In some localities a modest walkin school will be accessible to the children.

Mr. JENSEN. Like the old country school.

Mr. CARMODY. Yes.

Mr. EMMONS. The little red schoolhouse.

Mr. JENSEN. A great institution. I am sorry it is dying out.

Mr. CARMODY. In other localities a reasonable distance from the reservation, where the terrain is so rough that there is virtually no way of traveling there, and people are sparsely settled, a boarding facility of some type at minimum cost should be available within the vicinity. It may be actually 25 or 30 miles from where the parents are located, but the parents could still come in and visit with the children, and it would be so close there would be an exchange of parental affection and direction of the children.

Mr. JENSEN. They like to do that.

Mr. CARMODY. Yes.

Mr. JENSEN. They love their children, don't they?

Mr. CARMODY. Yes, sir.

Mr. JENSEN. They are no different than the rest of us.

Mr. CARMODY. Not a bit.

NEED FOR ADDITIONAL SCHOOL FACILITIES

Mr. JENSEN. How much money is in this budget request for the building of additional school facilities?

Mr. GREENWOOD. The only additional money in this budget, Mr. Chairman, for educational facilities on the Navaho is for the completion of the Shiprock school—$815,000. The only other money that is in the budget for new construction of educational facilities is for the reconstruction of the dormitories of the Keams Canyon Boarding School on the Hopi Reservation. There is no money in the budget for additional classroom capacity.

Mr. JENSEN. There are a number of Indians who follow their herds—their sheep and goats. They are the nomad type and it is

hard to follow them. It is quite a problem to get their children into school. I realize that. Mr. Commissioner, I know you lived out there among these folks and are very conscious of the problem that faces us in trying to provide adequate school facilities.

There must be an answer to it. We have been searching for that answer for many, many years. You know, the treaty with the Indians provided that we would furnish a teacher for every 35 schoolchildren, and facilities commensurate with that provision. We have failed miserably, there is no question about it. We let it get out of hand.

If we had started early when we should have started, I will venture that the Indian problem today would have been inconsequential.

Mr. EMMONS. I think you are exactly right, sir.

Mr. JENSEN. But we let the thing pile up on us until now it is almost an insurmountable problem. But here in this country, there is nothing impossible, if we have the will to do it and go at it in a businesslike way. It is going to take a lot of money over a period of years to get all of these Indian children in school. But certainly Uncle Sam should live up to his contract.

Mr. EMMONS. Mr. Chairman, could I explain something I have had in mind for a long time in talking to the folks?

Mr. JENSEN. Certainly.

Mr. EMMONS. The fact is that I was so impressed with the urgency of getting these 13,000 to 14,000 Indian children in school, and I know we have got to do it by utilizing the dollars and making them go as far as they will go. With that in mind I had no more than gotten back from this long trip that I took, and Miss Gifford and Dr. Shaw and a team from the head office went out to go over the situation on the Navaho.

It has been indicated that we have 16 million acres and some of it is quite different. Over in the western lands it is rather mountainous. I was interested in getting all of these children in school with the least number of dollars. We have got to hit that problem hard. We can never rehabilitate the Navaho until he does get basic education. I was in hopes that possibly by the employment of any number of small day schools—to bring in the human element because, as you mentioned just a while ago, the Navaho thinks just as much of his children as we do, and I think we have to consider the humane approach to this, otherwise we will not get the Navaho's cooperation in it—by having any large number of, let us say, these little red schoolhouses and employing them in those areas where we might get enought children to make it feasible, I think we can help to overcome this problem.

Also, in these areas where we cannot get enough concentration of children in a certain walkable area, then we will have to employ the boarding-school facility, of course. I also favor, and I always have said this, that we cannot integrate the Indian child in with the white man's by having high-school facilities 150 miles off the railroad.

Mr. JENSEN. Exactly right.

Mr. EMMONS. I believe we should have it where we can have the elementary education during that tender period up to the third grade, or maybe we will have to go up to the fourth grade, where that child could have contact with its family. I think that that might take care of knocking off the rough spots.

Then if we used boarding dormitories in those white communities adjacent to the reservation like Flagstaff, Ariz., Winslow, Holbrook, Gallup, N. Mex., and Farmington, N. Mex., and a few of the communities in Utah that are adjacent to the reservation—then those children can be integrated with the white public school children. He has been prepared because he has received his initial training in these day schools and we are employing the boarding schools where we have to.

By doing that the Indian families can still come into the communities in order to have contact with their children over the weekend if they so desire. That would necessitate in all of these communities—because there are no large towns in these communities or this area I am speaking of—it would mean that the Federal Government then would have to provide the facilities to take care of these Indian children that are brought in to these boarding dormitories.

I believe that is our only approach. As it is now we cannot keep up I am afraid. Miss Gifford, you might agree with me on this. At the end of 10 years are we going to have the same number of children, relatively speaking, out of school as we have now?

We have to get at this and hit it from every angle, and I would say we have to do it fast, because we have to get these Indians educated with some degree of education before they can go out and be prepared to fend for themselves. And I am so anxious to see that something like that is accomplished. I think it is an emergency.

TRAILER SCHOOLS

Mr. JENSEN. How are your trailer schools?

Mr. EMMONS. I understand those are working out fairly well.

Mr. JENSEN. How many do you have?

Mr. CARMODY. Six of them. We had 5 and have 6 now.

Mr. JENSEN. How many more can you use?

Mr. CARMODY. There are several ways these schools can be used. One way is to determine whether or not there is some stability, or stability enough within an area to justify the placement of a red schoolhouse.

Mr. JENSEN. That can be ascertained rather easily.

Mr. CARMODY. A trailer school will do that. We could use very easily 12 to 14 more of them.

Mr. JENSEN. What do they cost?

Mr. CARMODY. About $23,000.

Mr. JENSEN. That includes the small cottage trailer for the teachers; does it not?

Mr. CARMODY. Yes. It provides living quarters for the teacher.

Mr. EMMONS. Would that provide about 30 desks?

Mr. CARMODY. Twenty-six.

Mr. JENSEN. Do you have cooking facilities in the trailers to provide the children's lunch?

Mr. CARMODY. Yes. A noonday lunch unit.

Mr. JENSEN. Do you pick these children up in buses?

Mr. CARMODY. No.

Mr. JENSEN. They come in?

Mr. CARMODY. They walk in. That is the reason why I say the trailers can serve two purposes. One is to determine whether there is stability enough within an area to support what we more or less think

of as the red schoolhouse, or it can be used in place of a red schoolhouse.

INDIAN TEACHERS

Mr. JENSEN. Fine. Here is something that I think is very important. The teachers that teach these little children must have certain qualifications. They have to have the same qualifications as a teacher of white children.

During the war I was very active in insisting that high school girls and boys—Indians or whites—be permitted to teach in those schools. I think in some instances that was permitted. I cannot for the life of me see why it is necessary that a teacher must have a bachelor of arts degree, or the equivalent, to teach an Indian child up to the time the child leaves the 6th grade at least.

I am completely convinced there are many of these Indian girls and boys that go through high school, who would like to go back to an Indian reservation, either theirs or others, and teach those little Indian children. And they would do it for a lot less money, and be better satisfied. I am not so sure but what they would be better qualified to teach those little Indian kids than a person who has gone to college and knows only a little about the Indians.

We have a problem here that we have to solve. I believe we are going to have to take some extraordinary means to do it. I believe Mr. Commissioner, that you will have to insist that these requirements for teachers be liberalized. I have talked to and I have seen these Indian girls and boys in these high schools. They are as bright as a dollar and smart.

Mr. EMMONS. They are extremely intelligent.

Mr. JENSEN. They know their people and they know how to handle them. They do not have to be sent to a special school to be taught how to live with and to teach Indian children. They already know it. I think it would be the most pleasing thing for the Indian people, generally speaking, to have these boys and girls of their own kind teach those little children.

I do not know what is necessary. I do not know whether the Commissioner has any authority in this matter.

I do not believe we are going to get this job done as fast as we should unless the Commissioner of Indian Affairs takes it upon himself to do the things that he sees must be done. I do not want you to disobey the law, and I know you will not. But there are certainly a lot of rules and regulations that have been laid down that just do not square with commonsense.

Mr. EMMONS. I have always said I would rather see the little Indian child in school with a dirty face rather than get no education at all.

Mr. JENSEN. That is right. Of course, there isn't much excuse for a dirty face. My mother raised 13 kids. We were poor people. I will never forget the many, many times she said, "Remember this, my children: It is no disgrace to be poor; but it is a disgrace to be dirty."

Mr. Carmody, did you have anything else you want to bring before the committee? I will say this: I can understand the problem that

faces you. It is quite a problem to attempt to state in few words, or even a day or a week what you would like to see done in this respect.

Mr. CARMODY. I would like to say I appreciate the opportunity to appear before the committee. I would further like to state that I have experienced a great deal of satisfaction in working with Indian people. Our people in the Branch of Education, working on the Navajo Reservation are doing a very fine job.

DESIRE FOR EDUCATION AMONG THE NAVAHOS

Mr. JENSEN. Do you find the Indian people are anxious to have their children in school, generally speaking?

Mr. CARMODY. Generally speaking the Navahos are demanding more and more opportunity to send their children to school. And the youngsters that come to school are greedy for education. They come to school to learn.

Mr. JENSEN. They study hard.

Mr. CARMODY. Yes, they do.

Mr. JENSEN. I presume many of the children cannot speak a word of American when they start to school.

Mr. CARMODY. That is primarily true. Occasionally some come from homes where one or the other of the parents speak English. What I want to say is approximately 98 percent of the children when they first enter school speak only their own native language, Navaho.

Mr. JENSEN. That is right. You have to teach them from the ground up just what American words mean the same as those in their native language. And there are many Indian words for which it is quite a problem to find American words of the same meaning.

Mr. CARMODY. That is right.

Mr. JENSEN. Indian girls and boys could go back and explain that so much easier than a teacher who does not know the Indian language. I think you would find that these children would progress faster under Indian instructors than under white instructors. I believe the people would be just as proud as could be of the fact that these boys and girls came back from high school and thought enough of their own people to help them learn the American language, the customs and other things they should learn.

Mr. CARMODY. Thank you very much.

Mr. JENSEN. Mr. Commissioner, we know you have your good mind working on this thing. We do not expect miracles. I am sure we will see an improvement in this whole field as time goes on.

Mr. EMMONS. Mr. Chairman, I certainly appreciate your allowing us to be here before you, and I am going to pledge that I am going to try to do a good job.

Mr. JENSEN. I am sure of that.

MONDAY, FEBRUARY 1, 1954.

Mr. JENSEN. The committee will come to order. When the committee recessed last Friday we were considering educational assistance, facilities and services. This current year those facilities had an

appropriation of $23,038,530 for Federal school facilities. The 1955 request is for $23,248,500, or a small increase of $209,970.

ADULT VOCATIONAL EDUCATIONAL PROGRAM

What plans have been developed for the adult vocational educational program? Are there any funds in the budget for such a program?

Mr. GREENWOOD. No, sir, Mr. Chairman, there are no funds in the budget for the development of the adult vocational education program that this committee considered last year. You may remember that the committee in its report indicated that about $1 million of the funds recommended for appropriation should be used for the development of such a program.

Mr. JENSEN. Yes.

Mr. GREENWOOD. You may also remember that the Senate committee, while it agreed that such a program was desirable, thought it should not be undertaken at this time, and I believe the conference committee concurred with that view.

Mr. JENSEN. Well, I would say that the Senate version prevailed. It is not entirely correct to say that the House committee concurred with the Senate. However, the conference report would indicate here that that was a fact. I remember I asked them when they thought this program should be put into effect and the only answer was that they did not think this was the time to do it. It appears to me that money spent for adult education, to teach these Indians, especially the GI's, a trade or a profession, certainly is a necessity if we ever expect the Indians to become self-supporting. I am a great believer in trade schools.

Mr. GREENWOOD. We certainly have no disagreement with that view, Mr. Chairman. Of course, we are faced with the problem of having enough space in the classrooms for the elementary pupls.

Mr. JENSEN. Yes, I recognize that. This money which we had proposed could have been used to send Indians to trade schools, not necessarily on the reservation, but to other white trade schools. Doing this would not encumber the space that you have, or the school facilities. There is nothing in the budget for this purpose?

Mr. GREENWOOD. No, sir, there is no money in the budget for the adult vocational education program.

We do a certain amount of vocational work in the Bureau schools, but not on the scale that the committee contemplated last year when it recommended the $1 million to be spent for that purpose.

Mr. JENSEN. The Indian GI can attend trade schools under the GI law, but I am inclined to believe that the requirements and the rules and regulations which govern that law, are possibly complicated to the point that too many Indian GI's simply do not attend the schools and take GI training.

I am inclined to believe that there are many Indians who could learn a trade sufficiently to make them good mechanics in a 6 months' period.

Mr. GREENWOOD. There is no question about that. Certainly it would make it much easier to relocate them in industry if they had some vocational training, Mr. Chairman.

Mr. JENSEN. That is right.

I hope we can get started on that some day, and the quicker the better.

Mr. Commissioner, would you care to comment on that?

Mr. EMMONS. I will tell you, Mr. Congressman, I agree with you entirely that we have to hit this problem of getting the Indian prepared to be integrated, and we have to hit it from every conceivable feasible angle, and I think the thing you touched on there from the mechanical end of it is very important. I know the Navaho Indians, or a large portion of them, are particularly adept at mechanics.

Mr. JENSEN. Yes, that is right.

Mr. EMMONS. That has been proven from experience, that they go out and they catch on pretty quickly. So, I think on every front we should be hitting this because, as I mentioned the other day, I think time is of the essence, and we ought to be moving on more than one front to accomplish this purpose.

Mr. JENSEN. I certainly feel that way in this respect as well as with respect to the teaching profession.

I do not believe we can expect them to jump from the life on an Indian reservation overnight to the life of the average white man.

Mr. EMMONS. Yes, sir.

Mr. JENSEN. I believe it has to be done gradually, and to do that we cannot afford to give all that is necessary to fit an Indian as a top teacher, as a teacher with a bachelor of arts degree, nor as a mechanic who would be considered a top mechanic. We have to go at this gradually, thoroughly and sensibly.

Mr. EMMONS. Yes, sir.

Mr. JENSEN. And I am sure that it will be best for the Indian if we do not expect too much of him right away.

Mr. EMMONS. Yes, sir.

PIPESTONE SCHOOL, MINNESOTA

Mr. JENSEN. Is there any money in the budget for the Pipestone School?

Mr. GREENWOOD. No, sir.

Mr. JENSEN. An investigation was made under the authority of the Appropriations Committee last year into the Pipestone School situation. Forty percent of the foster homes involved were inspected. The investigating personnel reported that 1 home was unfit as a foster home, and 1 was overcrowded. That is a little different picture than had been presented to us during the last hearing, I must admit.

What is the thinking of the Indian Service as regards the facilities at Pipestone? What do you expect to do there; what is your feeling as to how they can best be utilized?

Mr. GREENWOOD. Mr. Chairman, the State of Minnesota has indicated an interest in acquiring the facilities at Pipestone.

As a matter of fact, the last legislature passed an authorizing act which provides for the State taking over the institution.

Mr. JENSEN. Do they propose to make a vocational training school out of the Pipestone facilities?

Mr. GREENWOOD. I think so. Mr. Foster, who is familiar with that situation, is here.

Mr. JENSEN. We are glad to have Mr. Don Foster here with us. Mr. Foster, would you like to comment on the Pipestone School situation?

Mr. FOSTER. Mr. Chairman, the State has been considering two uses for the institution.

Minnesota, at this time, is faced with the very serious problem of what to do with what you might say, are predelinquent juveniles. They have not quite reached the state of where they should be institutionalized in an institution where you have your rougher and harder lot of juveniles, and they have considered trying to acquire Pipestone for the purpose of handling that type of youth that would be both white and Indian, and we would have a number of Indian youth in Minnesota that would be institutionalized their. Their purpose would be to give those youth certain types of training.

They are interested in the farm because it gives them an opportunity for agricultural training, and what they would do from a vocational standpoint and trade standpoint I would not be in a position to say.

The other consideration they had in mind was for mental cases. They have a lot of mental cases in Minnesota and their institutions are quite crowded, and that program is in bad shape, and they have given some thought to using the facilities there for that purpose.

Mr. JENSEN. You do not have many mental cases among the Indians, do you?

Mr. FOSTER. Strange to say we do not; we have a very limited number. Miss Gifford can probably give that to you better than I from a percentage standpoint, but it is a very small number in mental cases, as far as the population is concerned.

Mr. JENSEN. Should these facilities at Pipestone be turned over to the State, or whatever is done with them, I hope that the Indians will have an opportunity to obtain benefits equal to the whites. The Indians certainly are entitled to their fair share of the benefits that would be derived from this institution which was built purposely for the Indians.

Mr. GREENWOOD. Yes, sir.

Mr. JENSEN. Are there any Indian children in this school now?

Mr. GREENWOOD. No, sir.

Mr. JENSEN. It is completely vacant?

Mr. GREENWOOD. Yes, sir.

FOSTER HOMES

Mr. JENSEN. What is the situation among the Indian children who are now in foster homes? Who wants to answer that question? I know Don Foster is not there any more. Don has gone back to Alaska.

Mr. GREENWOOD. No, sir, he is still there, Mr. Chairman.

Mr. JENSEN. I thought he had gone back to Alaska.

Mr. GREENWOOD. He is there on a temporary basis.

Mr. JENSEN. In Minnesota?

Mr. GREENWOOD. No; he is in Alaska on a temporary basis.

Mr. JENSEN. You sent him up there because he had been there so long and was well acquainted with the problems?

Mr. GREENWOOD. Yes, sir; he is well acquainted with them.

Mr. JENSEN. I am sure of that.

Mr. GREENWOOD. Are you speaking of foster homes generally?

Mr. JENSEN. Yes, of foster homes generally. What is the situation in that respect now?

Mr. GREENWOOD. I will ask Miss Gifford to answer that.

Miss GIFFORD. In Minnesota the standard of foster home care is one of the best in the country, and we have no indication at all that the Indian children are not treated as other children are who come to the attention of the State Department of Public Welfare, so that we feel that in Minnesota the Indian children get better care actually in foster homes than we would be able to provide for them under some other arrangement. Does that answer your question, Mr. Chairman?

Mr. JENSEN. Yes. The Indian Bureau is keeping close observation over them?

Miss GIFFORD. Oh, yes, sir. We know which children are in foster homes, and what plans are made for them.

Mr. JENSEN. So, at the present time the facilities there at Pipestone are not being used for any purpose?

Mr. GREENWOOD. That is correct. You will recall that the committee provided $50,000 pending completion of the study which the committee ordered to be made, and that $50,000 is being used just to keep the plant in standby condition.

Mr. JENSEN. What is the cost to the Federal Government for each child in a foster home?

Mr. GREENWOOD. It averages about $600 a year, or about $50 a month. In some cases, it is a little higher than that, and in some cases it is a little lower. It depends on the arrangements we make with individuals.

Mr. JENSEN. What was the per-pupil cost at the Pipestone School?

Mr. GREENWOOD. It was comparatively high during the last few years because we did not have the number of children in the school that it would accommodate, and it would run well over $800 per pupil.

Mr. JENSEN. You feel there is a saving now?

Mr. GREENWOOD. Yes; there is a saving now, and, of course, we have the other advantage of the child being able to attend a public school.

Mr. JENSEN. The foster home program squares with the feeling of the committee, and I think of people generally. It will amalgamate, so to speak, the Indian people with the white people from childhood, and in turn will considerably relieve the financial burden for the support of the Indians. I feel, as I am sure every other member of the committee does, if the children can be properly taken care of and educated in a foster home, that is the best way to handle the problem. Of course, it costs less money, and that is another inducement.

Miss GIFFORD. Mr. Chairman, there is one other advantage which I might mention. Some of these children are orphans, and when they have been placed in a foster home it is possible for the State department of public welfare to try to make a permanent arrangement for those children through guardianship or adoption, and it gives a child an opportunity to grow up in a family situation, to belong to

somebody, and not at the time he finishes school have to go out on his own completely as a lone individual in a different cultural group.

Mr. JENSEN. What kind of a deal can be made with the State for their acquisition of the facilities at Pipestone? Do they expect the Federal Government to give them the school and all of those facilities, or are they willing to pay a reasonable amount for such facilities as they need?

Mr. GREENWOOD. I do not believe they expect to pay for them, Mr. Chairman, to be frank with you.

Mr. JENSEN. They do not?

Mr. GREENWOOD. And we do have authority to transfer the facilities to them without cost.

Mr. JENSEN. You have that authority now?

Mr. GREENWOOD. Yes, sir.

Mr. JENSEN. I hope before you exercise that authority you will take it up with the committees of Congress and let us counsel with you on it.

Mr. GREENWOOD. We will certainly be glad to do that, sir.

Mr. JENSEN. Here we are spending a lot of money to build facilities for the Indians such as hospitals and schools, and it would appear to me that the facilities at Pipestone could be used to very good advantage by the Indian Service for a trade school or a hospital. I certainly would think twice before making a move. I think it would be well for the Indian Service to make a complete survey of just how those facilities could be put to use, Mr. Commissioner.

Mr. EMMONS. We will do that, sir.

Mr. JENSEN. Before we give one thought to giving facilities away to Minnesota, I would like to have the reaction of the committee on that.

Should we not make a complete survey as to how the Indian Service might utilize those facilities? Of course, we recognize the fact that Pipestone is some distance away from the big Indian population.

Mr. GREENWOOD. Yes. It is not in an area where we are in crying need of school facilities. The great need is on the Navaho Reservation. It is the only school that we are operating in the State of Minnesota at the present time. All the other schools have been transferred to public school operation.

Mr. JENSEN. The Indian Bureau should give consideration to any need that might be found for those facilities within the Indian Service before disposal of the facilities is made to the State.

Mr. EMMONS. We will give that a thorough study, Mr. Chairman, as you suggest.

Mr. FENTON. There are differences of opinion on placing these wards in private homes. I hardly know what to think about that Pipestone institution. As has been said, the State helped on the followup of those cases and they should give us a report on how the children are being treated. Is there not some variance of opinion as to how they are being treated in those homes?

Miss GIFFORD. We think the committee's investigating group has the report on that. These children that have been in these foster homes are children who are placed there by the State under their State department of public welfare rules and regulations. That means

that foster homes are investigated by the State; they get the usual service from the State department of health on standards and all the other things involved; and there are followup visits by the child welfare workers who place those children.

Mr. FENTON. How much money is involved in placing those children in foster homes, how much per family?

Miss GIFFORD. We pay for the individual Indian child at the rate of approximately $50 a month; from $50 to $55 a month for the child.

Mr. FENTON. What does that include?

Miss GIFFORD. That includes everything. That includes his food, his health, his clothing, his medical care.

Mr. FENTON. And where would those children receive their medical care?

Miss GIFFORD. It would depend where the foster home was located, but it would be at whatever facilities were used by the county welfare department in that particular county. It would probably be a combination of private physicians attending the children in some instances when that was necessary, and if hospitalization was necessary, then they would use whatever hospitals that county has arrangements with to use.

Mr. FENTON. Have you had any cases where the $50 a month was insufficient?

Miss GIFFORD. We have a sliding scale on that. If there is an unusual situation involving a child, you can pay more than $55 a month per child. It averages out to about $50 or $55. It could be more in the case of the individual child.

Mr. FENTON. How many children are involved at Pipestone?

Mr. EMMONS. Can you answer that, Mr. Foster?

Mr. FOSTER. We have 168 under contract with the State at the present time.

Mr. FENTON. That is the total number. In other words, there are no children left in the institution?

Mr. FOSTER. That is right. We have 5 caretakers at Pipestone, but no children.

Mr. FENTON. Then the transfer has been completed so far as placing the children in foster homes?

Mr. FOSTER. That is right.

Mr. FENTON. How does the expense for this type of care compare to the expenses involved in keeping the children in Pipestone institution?

Miss GIFFORD. It is less.

Mr. JENSEN. As near as we can figure, it is about $150 less per pupil per year.

Mr. GREENWOOD. Compared with what it cost us for keeping them in the school; when you consider the additional care they get such as medical, there would be additional savings.

Mr. JENSEN. Possibly $200 a year?

Mr. GREENWOOD. Yes.

Mr. FENTON. You say you have the right to dispose of the property under existing law?

Mr. GREENWOOD. Yes. Just about a year ago the Congress passed a law authorizing us to transfer educational facilities to the States without reimbursement.

Mr. FENTON. What about the facilities other than educational?

Mr. GREENWOOD. Another act authorizes us to transfer hospitals, also. The purpose of the legislation is to enable us, in those instances where we are able to arrange with States or school districts to take over our facilities and operate them as public schools, to permit the facilities to go along as a part of the program. So we do have two comparatively recent acts of Congress that authorize us to transfer educational facilities and health facilities.

Mr. JENSEN. The Congress felt it necessary to give the Indian Bureau that privilege because we hope we are gradually working toward the emancipation of the Indians. In such places as Minnesota, where we do not have numerous Indians, it would be necessary to give such authority to the Indian Bureau in order to expedite the emancipation, so to speak, and the amalgamation of the Indians with the whites at the earliest possible time. I think that was the supposition that was controlling in passing that legislation.

VALUE OF PIPESTONE SCHOOL AND LAND

Mr. FENTON. What is the net worth of the Pipestone property?

Mr. GREENWOOD. Do you have a figure on that, Mr. Foster?

Mr. FOSTER. We have a figure on it. The plant itself, not including the real estate—when I say "real estate" I mean the land—is $502,082.

Mr. FENTON. How many acres of land are there?

Mr. FOSTER. Six hundred and forty acres. About 37 acres were transferred to the National Park Service.

Mr. FENTON. What is the value of the land?

Mr. FOSTER. I would say the land is worth $50,000, easily. About 160 acres are good cultivated land, and the rest is pasture. It would easily sell for $50,000.

Mr. JENSEN. That is about $75 or $80 an acre.

Mr. FOSTER. That is straight across. Some of it is not too good, but it would easily sell for that.

Mr. JENSEN. Would it be necessary to transfer all that land to the State? If you give them the facilities, possibly they would not need the land, or would need only a part of the land.

Mr. FOSTER. Mr. Chairman, I would say if they were going to use that institution for the training of these borderline juvenile cases they should have that land, because they could develop a very satisfactory program there. If they were going to use it for mental cases, I would not feel there was the necessity for transferring all of the land to the State without some compensation for it.

ALASKAN PROGRAM

Mr. JENSEN. I think next we should take up the Alaska Indian program. I requested that Don Foster be present at this hearing to give us his ideas of the situation which exists in Alaska pertaining to Indian schools and health facilities, and to get his ideas on what should be done in that great area.

ALASKAN SCHOOL

I notice the budget request is for $1,058,950 for boarding pupils, and for day pupils, $15,600. This would permit an enrollment of

748 boarding-school pupils and 78 day-school pupils, which is the same as allowed last year in both instances.

Mr. Foster, will you now give us your analysis of the school situation as it exists in Alaska, and any other statement you care to make on the subject.

Mr. FOSTER. Mr. Chairman, first I want you to know that I am not familiar with the situation in detail such as I was when I was there several years ago, but I can give you some general idea. We still have between 1,500 and 2,000 children for whom there are no school facilities. Those children are in the remote areas, particularly in the northern part of Alaska, but the Department has made good headway in the last few years in establishing temporary schools in these small communities.

The vocational program at Mount Edgecumbe is, in my judgment, one of the finest the Department has ever developed. It was developed along the line you are talking about. You and the Commissioner both would have had a lift in observing the program I observed this fall of boys being taught practical trades. They have a big hangar at Mount Edgecumbe where the vocational education is given to the boys. There they had under construction a 5-room home. These boys were building that home from the floor sills to the top. They would plumb it, they would wire it, it would be a complete job, and the entire operation would be completed by student labor under the supervision of the carpenter instructor, plumbing instructor, and so forth. Then they developed some trucks they could move the house on, and the boys build the foundation, set the house on the foundation, and when they leave the house the sewer is connected, the electric lines are connected, and it is ready for a family to move in. That is good education, and that is what we are doing at Mount Edgecumbe.

In the medical field we have an excellent program of training hospital aides. The program is working out admirably because it not only provides the kind of help used at Anchorage and Mount Edgecumbe hospitals, but a percentage of them will go back to their local communities and it will place in those communities persons trained from the standpoint of giving first aid and so forth. They are not registered nurses, but they are hospital aides, and that means a lot to the community from which they come or to which they will go back. It saves us considerable money in that we do not have to bring people from the States, and there also is a psychological factor. It gives the native people the confidence that they can do a job when they are properly trained. The same is true of the vocational schools. We have never had any trouble placing those who are trained in the vocational schools in the trade as mechanics, galley cooks, and so forth. We always find a place for them. In Alaska that kind of training is essential and should not be curtailed. It should be expanded in time. I think that is one of the answers to the eventual amalgamation or integration of the native youth into our social, political, and economic structure.

The day schools, a number of those have been transferred to the Territory under Johnson-O'Malley contract. That is the same procedure followed in Minnesota and Wisconsin, where the native children are put in Territorial schools administered under the Territorial board of education.

Mr. JENSEN. I notice a request for $1,409,375 for regular classrooms, and $69,875 for teacher-aid classrooms. Is that what you are talking about now?

Mr. FOSTER. No. I am talking about the schools under Johnson-O'Malley contract. That program has been inaugurated in Alaska. Formerly when we transferred a school to the Territory, the Territory assumed full responsibility and received no aid from us. Now under the Johnson-O'Malley Act agreements, we pay so much per pupil per school year.

Mr. GREENWOOD. Under the Johnson-O'Malley Act the Secretary is authorized to enter into contracts with the States or political subdivisions of States, or private organizations, to provide medical, educational, and welfare services to the Indians. We have arranged under that act with the Territory of Alaska and some 15 States for taking over schools and operating them as public schools. In Alaska I think we have transferred from 15 to 20 schools now being operated as a part of the Territorial system. Many of the schools transferred are located in areas where the principal school population represents Indians and Eskimos. It is a step in the direction of integrating the Indian and Eskimo children in the white population and in the territorial system.

Mr. JENSEN. Do you think the Johnson-O'Malley Act has worked satisfactorily?

Mr. GREENWOOD. Very satisfactorily.

Mr. FOSTER. I think we need to do one thing in connection with the Johnson-O'Malley contract in Alaska. We need to put a provision in that contract that will require the Territory to follow through with the same type of program we have in the remote villages, and that is the development of community leadership. The Territory does not do that at the present time. The communities are left stranded in the remote areas. When we go out in the Arctic perimeter of Alaska where 50 percent or more of your people do not speak a word of English——

Mr. JENSEN. American.

Mr. FOSTER. All right, Mr. Chairman, I stand corrected—and do not carry on a program to develop community leadership among those people, we are not meeting our responsibility, and we must require the Territory to do that. I am for the program of transferring the schools from our Service to the Territory as long as the same type of program we conducted is continued.

I have no apologies to make for the program that the Indian Division of the Alaskan Services has carried on for a long time at a community level. We want to remember that we have only actually been in the school business there, as far as the Department is concerned, for less than 35 years, and we are trying to take a people by the bootstraps and jerk them up in 35 years to a point that you and I have been fooling around with 2,000 years. They are the finest people I ever worked with.

Mr. JENSEN. Are they anxious to learn?

Mr. FOSTER. They are anxious to learn and they develop well.

(Discussion off the record.)

ALASKAN HEALTH PROGRAM

Mr. FOSTER. The health program is moving along, it seems to me, in a very good direction, and I think the Service is fortunate in having Dr. Shaw to direct this program. In my judgment he has a good hardheaded outlook of what the program should be, and I think under his direction you can rest assured we will get improved service in Alaska, because we are being given better facilities, and the request for the increased amount here is for the operation of the Anchorage Hospital and the Bethel Hospital. I am sure if you visited the Anchorage Hospital you would be more than pleased with the type of institution it is and the way it is being administered at the present time. It was opened on November 29 and last Friday there were 201 patients there.

The Bethel Hospital will be completed between now and June 30. We have been having trouble with the plumbers in getting it finished, but it will be ready for occupancy on July 1. It is a 60-patient hospital.

TUBERCULOSIS IN ALASKA

Of course, the big problem in health in Alaska is tuberculosis. Through the efforts of everyone I think they are making real progress. At Mount Edgecumbe the orthopedic program continues to be a very good program, and there I would like to suggest for future thought and consideration that there should be developed a school for the children and the adults that are cared for at Mount Edgecumbe. When those people are discharged, a good many of them are handicapped and there needs to be a program developed for those handicapped children, particularly, because it is a waste of time, money, and effort to bring them to Mount Edgecumbe, give them full treatment, and then turn them out with no training as handicapped individuals with practically no opportunity for earning a livelihood. That is a program that needs to be given thought to for the future. It would have to be a joint effort, health and education, to be successful.

Mr. JENSEN. This municipal assistance program that is now in effect, where the Congress appropriates 50 percent of the cost of facilities for municipalities that will appropriate the additional 50 percent, there are some schools being built. I am wondering if there are any hospitals being built under that program?

Mr. FOSTER. You mean in Alaska?

Mr. JENSEN. In Alaska.

Mr. FOSTER. Not to my knowledge. I know of a couple hospitals being built, but if they carry that kind of educational program I do not know about it. They are building a hospital at Sitka and an addition to St. Ann's in Juneau, but I do not think it carries a program of that kind. No schools in Alaska, to my knowledge, carry that kind of educational program.

PER PUPIL COST IN RELATION TO CLASSROOMS

Mr. JENSEN. Do you know the per pupil cost in the request for $1,409,375 requested for classrooms?

Mr. FOSTER. I do not know.

Mr. JENSEN. As compared to the boarding schools? I believe you should insert in the record those figures.

Mr. GREENWOOD. We can put that in the record.

(The material referred to follows:)

Statement on cost of Alaska pupils in boarding and day schools

	1954	1955
Average per pupil rate for attendance in Alaska boarding schools:		
Boarding pupil	$1,415	$1,415
Day pupil	200	200
Average per pupil rate for attendance in regular classroom day schools	438	451
Average per pupil rate for attendance in a teacher-aid school	268	268

Mr. JENSEN. Mr. Foster, is that all you have to report?

Mr. FOSTER. Yes, sir.

Mr. JENSEN. Thank you very much.

There are other people here who are interested in the overall educational and health facilities. We touched on that some Friday in the hearings. Are there any further comments anyone would like to make on that subject? Dr. Shaw, would you like to make some comments on the overall problem?

INDIAN HEALTH PROBLEMS

Dr. SHAW. You asked for some specific information. I have a statement for the record.

I might say by and large the Indian health problems are of a magnitude several times what we find in the ordinary white population, and that essentially all of them are preventable. In speaking of health in a broader sense, we have to consider the economic base, the place in which they are forced to live, the availability of food, and other factors. If you elevate their educational level you create a desire for self-improvement, and, above all, so far as the Navaho and northwestern section of Alaska are concerned, some type of community program should be developed where they could be brought into a community where they could be serviced from a health point of view and where we could control those serious infectious diseases.

The most pressing problem we have—and I feel we are headed for disaster in it—is the matter of the staffing of the facilities which we operate directly. This applies pretty much across the board with few exceptions.

In 1940 there were 172 physicians in the Indian Bureau; 164 were civil service and 8 were loaned from the United States Public Health Service. By 1946 the total number of physicians had decreased to 82, which was essentially 1 doctor per hospital irregardless of the size and included all the physicians in administrative positions such as the one I hold.

Under Public Law 84, the Doctor Draft Act, by agreement with the Medical Resources Advisory Committee, physicians under the Doctor

Draft Act became available to the Indian Bureau by commissioning them in the United States Public Health Service and detailing them to the Indian Bureau for service. This program got under way in 1951, and in 1952 there were 182 physicians, 73 of whom were civil service and 109 were Public Health Service.

In 1953 we had a high of 173, and on January 14 we had 144, with 55 Civil Service and 89 Public Health.

In the last 2 weeks we have lost 4 additional doctors. Recruiting is at an absolute standstill. We have 46 physicians requested from the Public Health Service which they are unable to fill. They need over 100 of their own and they are losing them as rapidly as we are. Over the next 2 years we have a total of 63 who will have completed their obligated service under the Doctor Draft Act, so we are headed back where we were at the close of the war, and I do not know how we will be able to staff our facilities.

We are not in the same situation, however, in certain respects. Since then the Hill-Burton program has built approximately 1,500 hospitals in the States in areas of need. Under the Hill-Burton program the Indian is included in the population base of the State and the Indian's income is included in the per capita income of the State, the two factors used to determine the extent of Federal participation in these local hospitals. The community and the State must also agree, when they accept Federal money, that they will not discriminate because of race, creed, or color, so that the community Hill-Burton hospitals that have been built, in some cases right on the reservation or surrounding the reservation, particularly, are available to the Indian population. With our staffing problems and the duplication of facilities, the low-occupancy ratio of the Hill-Burton hospitals in many areas, plus the low-occupancy ratio and the high per diem cost of a number of smaller hospitals we are operating, we have plans to discontinue 17 of these smaller hospitals and to go to local hospital facilities.

Mr. JENSEN. Doctor, do you have a prepared statement you would like to have inserted in the record?

Dr. SHAW. I have a special statement on health problems and a separate one on the Navaho health situation.

Mr. JENSEN. Without objection they will be inserted in the record.

(The statement referred to follows:)

SPECIAL STATEMENT ON HEALTH PROGRAM

HEALTH PROBLEMS

The attached charts reveal that the principal health problems of Indians are related to conditions of early life and to causes of death that are largely preventable. Also that the death rate, while only about 10 percent higher than for the white population for all causes and ages lumped together, is very much higher when the rates for the younger age groups or for the infectious diseases are compared. Loss of life among infants and young children is 3 to 4 times the rates for the white population. For tuberculosis it is approximately 6 times as high, accidents 2 times as high, and for pneumonia, influenza, and gastroenteritis about 4 times as high. The deaths from these causes in the younger ages are as much as 8 to 10 times as high as those in the white population.

PREVENTIVE AND CURATIVE SERVICES

The frequency and severity of illness among Indian groups necessitates the provision of medical care services. A reduction of illness and bring of Indian health up to the level found in the general population will necessitate however a

much more intensive use of public health and preventive measures. To a large extent these measures can be, and should be, closely coordinated with hospital and clinic services for the care of the sick so as to exploit the normal interest of the patient, and of his family to teach how a recurrence of the illness can be avoided.

In recent years an attempt has been made to expand public health preventive measures. Their introduction, however, into an administrative setting which historically has been keyed to medical care and the skills related to curative medicine, has resulted in somewhat less than the normal degree of progress because during periods of inadequate staff, the public health personnel have been required to devote an increasing proportion of their time to meet more pressing problems of remedial care. Nevertheless, the need for hospitalization and medical care is definite and must be met in order to save lives and prevent undue suffering. In other words, the public health program and the medical care program must both be present and mutually compliment each other. As the preventive program develops and becomes effective the need for expensive medical care and hospitalization would decrease and eventually would approach a rate comparable with the regular population.

Attempts to work out arrangements for preventive services with State and local organizations are frequently handicapped because the Indian groups are experiencing so much more illness than is found in the non-Indian population and would require a disproportionate amount of service. Improvement in Indian health will therefore need to be speeded up to facilitate the readjustment program. Also many of the Indians migrate as agricultural and railroad workers over long distances and come in contact with the white population over large geographical areas. A more rapid improvement is indicated as the problem is not confined to the reservations but exists as a threat to all.

HEALTH EDUCATION

The basic and major health problems of the American Indians can be brought under control in the near future if there is a major effort to educate him in the requirement of healthy living. The effort must be focused on two points: (1) education of the Indian people for proper use of available health services, and (2) education of the Indian people for good personal practices in health and sanitation. Because of the differences in customs and practices, there is a parallel need for orientation and training of non-Indian health workers in their approach to the often shocking disparity between the magnitude of Indian health problems and those of non-Indians.

The operation of hospitals and clinics will not substantially improve the health of the Indians if they are not used as an integral part of a total health program and the communication problem in explaining health and sickness and treatment to many of the Indians is doubly complicated by language differences, by illiteracy, and by variations in the backgrounds of the Indian and non-Indian. Hence, even greater emphasis must be given than in the general population to communicating essential facts regarding health in such a way that the Indian people will understand, accept and apply them in their daily lives.

There is need to develop and intensify work in health education with the Indian adult in his own setting. This may be his home, his tribal council, his accustomed meeting places. There is need to approach him with interpretive health education materials which are adapted to his experiences, which are quite different from those of an industrial worker on the eastern seaboard. It is economy to do this. When the Indian is rejected as a worker, or as a neighbor because of unacceptable health practices, the community, the tribe, the family, and the Government all lose. If he returns to his reservation in defeat, distrust and continued ignorance, the economy has lost a worker, and the family and tribe have lost a wage earner.

To do a fully effective job in health education, a program of education in hygiene and sanitation must be developed to: (1) help the Indian adult help himself to better health practices, (2) develop Indian leadership for health activities on a communitywide basis, (3) orient existing personnel regarding the basic concepts of the Indians which must undergo change if health behavior is to be changed, (4) promote the health of the Indian child while still in school, and (5) interpret Indian health needs to non-Indians in State and local agencies, among leaders of surrounding communities, and within civic and social organizations.

SANITATION PROGRAM

Major problems of sanitation at Indian reservations may be resolved into two broad categories: (1) those related to Government-owned sanitary facilities

at agency headquarters, hospitals, boarding and day schools, etc., and (2) those concerned with the individual home and community environment. In this connection emphasis is primarily directed toward the development, improvement and protection of water supplies, adaptation of satisfactory excreta, garbage and refuse disposal facilities, insect and rodent control, milk and food sanitation and personal hygiene. In many instances approved sanitary facilities have been provided at Government-owned installations but a considerable number still lack such essential facilities.

No serious consideration was given to the problem of sanitation at Indian homes and communities until 2 years ago, when, in order to bridge the language and Indian custom barriers, a program of training native young Indians in the basic elements of sanitation was inaugurated. There are now 16 sanitarian aides assigned to reservations in continental United States with sanitary engineering supervision in two areas of the country. Through health education methods these aides are now assisting Indian families and groups and demonstrating ways and means, within the limitation of reservation economic conditions, of accomplishing these basic improvements.

However, only a start has been made in this direction as insanitary conditions at most Indian homes and communities have long been a major cause for excessively high mortality and morbidity rates. For diseases of enteric origin preventable by approved sanitation practices, statistics indicate more than 4,200 reported cases of dysentery in 1952 for Indian populations. The rates of these diseases are many times in excess of those of adjacent non-Indian populations and national averages. From these statistics and from direct field observations at Indian reservations it is apparent that a vastly expanded program of this kind is needed in this country and Alaska to greatly effect a reduction of these disease rates through the improvement of present environmental conditions.

NURSING SERVICE, BUREAU OF INDIAN AFFAIRS

The nursing service of the Bureau of Indian Affairs with its staff of 700 professional nurses, 200 practical nurses and 70 public health nurses (total 970), carries on its program in hospitals and field stations. The majority of the nursing staff is assigned to hopsital services while the remainder are public health nurses on duty at field stations in isolated areas where adequate local public health nursing services are not available.

The chief aim of the hospital staff has been to render a high caliber nursing service to patients in the institution as well as in outpatient clinics. The public health nurses on the other hand, in schools, clinics and homes, not only attempt to provide nursing care of the sick but also teach individuals how to prevent illness in the future. However, in only a limited number of hospitals and field stations, in the more favorable locations, have these objectives been realized. In many others they are not possible since isolation, lack of transportation and recreational facilities, inadequate housing and primitive work situations in the field, make it difficult to recruit and even more difficult to retain qualified nurses. For example this year the staff turnover has been extremely high particularly in smaller isolated institutions and field stations.

In addition many of the public health nurses, especially those on reservations where staff is limited, conditions primitive, and disease incidence high, do little else than provide emergency care of the sick. Efforts to incorporate primitive teaching into their activities fall by the wayside under the overwhelming pressure of acute illnesses which must receive first priority.

The nursing staff, both public health and institutional, who have remained with the Bureau over the years, are a dedicated group with an intense interest in the welfare of the Indian people. Because of this interest many have been willing to work in isolated areas, frequently under inadequate living conditions, skeleton staffs and with only superficial medical guidance.

However it is not enough for the nursing staff to be keenly interested in the welfare of the Indian or for its members to exhaust their efforts in caring for a never ending stream of ill individuals. They must also, if they would have their effort become effective in basically improving the health of the Indian, make a concerted endeavor to teach him, in every contact in hospitals, clinicls or schools, simple basic health facts which are essential to prevention and rehabilitation. To this end it is necessary that nursing encompass not only a planned patient teaching program in hospitals and clinics, where both non-Indian and Indian personnel would participate, but also insure an adequate nursing staff to carry out such activities.

Statement of personnel, Bureau health program

1954 staffing	Aberdeen	Albuquerque	Anadarko	Billings	Juneau	Minneapolis	Muskogee	Phoenix	Portland	Sacramento	Window Rock	Central Office	Total program
Established positions [1] (total health program, including ungraded)	335	241	233	124	1,080	120	295	327	334	[2] 34	425	24	[1] 3,572
Physicians, full time	23	14	11	11	36	12	15	28	14	3	31	4	202
Professional nurses	103	66	76	41	328	31	70	106	96	23	112	2	1,054
All other including part time [3]	209	161	146	72	716	77	210	193	224	8	282	18	2,316

[1] Represents maximum graded and ungraded established positions, of which no more than 90 percent can be filled at any one time within available funds.
[2] Certain personnel are reported in the Phoenix area.
[3] Includes approximately 100 part-time physicians and more than 200 other ungraded positions.

Death rates from all causes of death by age and race: United States, 1949 (Indian rates, 1948 to 1950, inclusive)

	Death rate per 1,000 population			
	All races	Indian	White	Other
All ages	9.7	10.5	9.5	11.1
Under 1 year	34.1	82.4	30.7	59.8
1 to 4	1.5	6.8	1.4	2.3
5 to 14	.6	1.4	.6	.8
15 to 24	1.3	4.0	1.1	2.6
25 to 34	1.9	5.8	1.5	4.4
35 to 44	3.8	7.2	3.2	8.9
45 to 54	8.7	10.5	7.8	17.8
55 to 64	18.9	19.0	17.9	31.8
65 to 74	43.5	35.2	42.6	57.5
75 and over	113.5	82.2	116.2	80.0

Death rates for selected causes of death by race: United States 1941–49 (Indian rates calculated on moving 3-year averages)

Year	Death rate per 1,000 population				Ratio of Indian rate to—			Rank order among 5 leading causes		
	All races	Indian	White	Other	All races	White	Other	Indian	White	Other
All causes:										
1949	9.7	10.5	9.5	11.1	1.08	1.11	0.95			
1948	9.9	10.6	9.7	11.4	1.07	1.09	.93			
1947	10.1	10.8	9.9	11.4	1.07	1.09	.95			
1946	10.0	11.0	9.8	11.1	1.10	1.12	.99			
1945	10.6	11.6	10.4	12.0	1.09	1.12	.97			
1944	10.6	12.2	10.4	12.4	1.15	1.17	.98			
1943	10.9	12.5	10.7	12.8	1.15	1.17	.98			
1942	10.3	12.8	10.1	12.7	1.24	1.27	1.01			
1941	10.5	12.9	10.2	13.5	1.23	1.26	.96			
Ratio 1949 to 1941	.92	.81	.93	.82						
Heart diseases:										
1949	3.5	1.4	3.5	3.0	.40	.40	.47	1	1	1
1948	3.2	1.3	3.3	2.7	.41	.39	.48	2	1	1
1947	3.2	1.2	3.3	2.6	.38	.36	.46	2	1	1
1946	3.1	1.2	3.2	2.4	.39	.38	.50	3	1	1
1945	3.2	1.2	3.3	2.5	.38	.36	.48	4	1	1
1944	3.1	1.2	3.2	2.5	.39	.38	.48	4	1	1
1943	3.2	1.3	3.3	2.6	.41	.39	.50	4	1	1
1942	2.9	1.3	3.0	2.4	.45	.43	.54	3	1	1
1941	2.9	1.3	3.0	2.5	.45	.43	.52	4	1	1
Ratio 1949 to 1941	1.21	1.08	1.17	1.20						
Tuberculosis (all forms):										
1949	.3	1.3	.2	.7	4.33	6.50	1.86	2	8	5
1948	.3	1.5	.2	.8	5.00	7.50	1.88	1	8	5
1947	.3	1.7	.3	.9	5.67	5.67	1.89	1	9	5
1946	.4	1.9	.3	.9	4.75	6.33	2.11	1	8	5
1945	.4	2.0	.3	1.0	5.00	6.67	2.00	1	8	4
1944	.4	2.1	.3	1.0	5.25	7.00	2.10	1	8	4
1943	.4	2.2	.3	1.1	5.50	7.33	2.00	1	8	5
1942	.4	2.2	.3	1.2	5.50	7.33	1.83	1	8	2
1941	.4	2.3	.4	1.2	5.75	5.75	1.92	1	8	2
Ratio 1949 to 1941	.75	.57	.50	.58						
Accidental deaths:										
1949	.6	1.2	.6	.7	2.00	2.00	1.71	3	4	6
1948	.7	1.1	.7	.7	1.57	1.57	1.57	4	4	6
1947	.7	1.1	.7	.7	1.57	1.57	1.57	5	4	6
1946	.7	1.1	.7	.7	1.57	1.57	1.57	5	4	7
1945	.7	1.0	.7	.7	1.43	1.43	1.43	5	4	7
1944	.7	1.0	.7	.7	1.43	1.43	1.43	5	4	7
1943	.7	0.9	.7	.7	1.29	1.29	1.29	5	4	8
1942	.7	1.0	.7	.7	1.43	1.43	1.43	5	4	8
1941	.8	1.0	.8	.8	1.25	1.25	1.25	5	4	8
Ratio 1949 to 1941	.75	1.20	.75	.75						
Pneumonia and influenza:										
1949	.3	1.1	.3	.6	3.67	3.67	1.83	4	7	7
1948	.4	1.1	.4	.7	2.75	2.75	1.57	3	7	8
1947	.4	1.2	.4	.7	3.00	3.00	1.71	4	7	7
1946	.4	1.2	.4	.7	3.00	3.00	1.71	4	7	6
1945	.5	1.3	.5	.7	2.60	2.60	1.86	3	6	6
1944	.6	1.5	.6	1.0	2.50	2.50	1.50	2	6	5
1943	.7	1.6	.6	1.1	2.29	2.67	1.45	2	6	4
1942	.6	1.7	.5	1.0	2.67	3.40	1.70	2	6	5
1941	.6	1.7	.6	1.2	2.83	2.83	1.42	2	6	4
Ratio 1949 to 1941	.50	0.65	.50	.50						

Death rates for selected causes of death by race: United States 1941–49 (Indian rates calculated on moving 3-year averages)—Continued

Year	Death rate per 1,000 population				Ratio of Indian rate to—			Rank order among 5 leading causes		
	All races	Indian	White	Other	All races	White	Other	Indian	White	Other
Ill-defined and unknown causes:										
1949	0.2	1.0	0.1	0.5	5.00	10.00	2.00	5	.....	8
1948	.2	1.1	.1	.6	5.50	11.00	1.83	5	.....	9
1947	.2	1.2	.1	.6	6.00	12.00	2.00	3	.....	9
1946	.2	1.3	.2	.6	6.50	6.50	2.17	2	.....	9
1945	.2	1.4	.2	.6	7.00	7.00	2.33	2	.....	8
1944	.2	1.5	.2	.7	7.50	7.50	2.14	3	.....	8
1943	.2	1.4	.2	.7	7.00	7.00	2.00	3	.....	7
1942	.2	1.3	.2	.8	6.50	6.50	1.63	4	.....	7
1941	.2	1.3	.2	.8	6.50	6.50	1.63	3	.....	6
Ratio 1949 to 1941	1.00	.77	.50	.63						
Conditions of early infancy:										
1949	.4	.7	.4	.7	1.75	1.75	1.00	6	5	4
1948	.4	.7	.4	.7	1.75	1.75	1.00	6	6	7
1947	.5	.6	.4	.6	1.20	1.50	1.00	6	6	8
1946	.4	.6	.4	.6	1.50	1.50	1.00	6	6	8
1945	.4	.6	.4	.6	1.50	1.50	1.00	6	7	9
1944	.4	.6	.4	.6	1.50	1.50	1.00	7	7	9
1943	.4	.6	.4	.6	1.50	1.50	1.00	7	7	9
1942	.4	.6	.4	.6	1.50	1.50	1.00	7	7	9
1941	.4	.6	.4	.6	1.50	1.50	1.00	6	7	9
Ratio 1949 to 1941	1.00	1.00	1.00	1.17	1.75	1.75	1.17	6	7	9
Malignant neoplasms:										
1949	1.4	.6	1.4	1.0	.43	.43	.60	7	2	3
1948	1.4	.6	1.4	1.0	.43	.43	.60	7	2	3
1947	1.4	.5	1.4	1.0	.36	.36	.50	7	2	3
1946	1.3	.5	1.4	.9	.38	.36	.56	7	2	3
1945	1.4	.5	1.4	.9	.36	.36	.56	8	2	5
1944	1.3	.5	1.4	.9	.38	.36	.56	8	2	6
1943	1.3	.5	1.3	.8	.38	.38	.63	8	2	6
1942	1.3	.5	1.3	.8	.38	.38	.63	8	2	6
1941	1.2	.5	1.3	.8	.42	.38	.63	8	2	7
Ratio 1949 to 1941	1.17	1.20	1.08	1.25						
Gastro-enteritis, etc.:										
1949	.1	.5	.1	.1	5.00	5.00	5.00	8	.....	.....
1948	.1	.5	.1	.1	5.00	5.00	5.00	8	.....	.....
1947	.1	.4	.1	.1	4.00	4.00	4.00	8	.....	.....
1946	.1	5	.1	.1	5.00	5.00	5.00	8	.....	.....
1945	.1	.6	.1	.2	6.00	6.00	3.00	7	.....	.....
1944	.1	.7	.1	.2	7.00	7.00	3.50	6	.....	.....
1943	.1	.7	.1	.2	7.00	7.00	3.50	6	.....	.....
1942	.1	.6	.1	.2	6.00	6.00	3.00	7	.....	.....
1941	.1	.6	.1	.2	6.00	6.00	3.00	7	.....	.....
Ratio 1949 to 1941	1.00	.83	1.00	.50						
Vascular lesions of central nervous system:										
1949	1.0	.4	1.0	1.2	.40	.40	.33	9	3	2
1948	.9	.4	.9	1.1	.44	.44	.36	9	3	2
1947	.9	.4	.9	1.1	.44	.44	.36	9	3	2
1946	.9	.4	.9	1.0	.44	.44	.40	9	3	2
1945	1.0	.4	1.0	1.1	.40	.40	.36	9	3	2
1944	.9	.4	.9	1.1	.44	.44	.36	9	3	2
1943	.9	.4	.9	1.1	.44	.44	.36	10	3	3
1942	.9	.4	.9	1.1	.44	.44	.36	10	3	4
1941	.9	.4	.9	1.1	.44	.44	.36	9	3	5
Ratio 1949 to 1941	1.11	1.00	1.11	1.09						
Nephritis and nephresis:										
1949	.2	.2	.2	.4	1.00	1.00	.50	10	9	9
1948	.5	.2	.5	.9	.40	.40	.22	10	5	4
1947	.6	.3	.5	.9	.50	.60	.33	10	5	4
1946	.6	.3	.5	.9	.50	.60	.33	10	5	4
1945	.7	.3	.6	1.0	.43	.50	.30	10	5	3
1944	.7	.4	.6	1.1	.57	.67	.36	10	5	3
1943	.7	.4	.7	1.2	.57	.57	.33	9	5	2
1942	.7	.5	.7	1.1	.71	.71	.45	9	5	3
1941	.8	.4	.7	1.2	.50	.57	.33	10	5	3
Ratio 1949 to 1941	.25	.50	.29	.33						

NOTE.—The above tabulation includes all 10 leading causes of death among Indians for each year. It does not include diabetes mellitus or arteriosclerosis and hypertension, each of which was among the 10 leading causes for whites each year; nor does it include syphilis and homicide which were among the 10 leading causes for other races for the years 1941–45 and 1946–49, respectively.

Statement on the Navaho Health Situation

In accordance with your request, we are submitting the following on the present health situation on the Navaho Reservation.

Medical need.—A review of the literature, past reports and the recent survey by the central office health team reveals a gross inadequacy of the present facilities and professional staff. The public health nurses were all of the opinion, and visits to hogans, confirmed the fact that for every sick Navaho contacted by the public health nurses there were five who did not seek aid or because of lack of staff, could not be visited. One-half of all patients who sought admission to field hospitals, or who were referred by field nurses for admission were refused admission because their illness was not acute, was chronic, or because an active bed was not available.

These facts should not be interpreted as a reflection on the medical personnel as they are a most dedicated group, working exceedingly hard under severe handicaps without regard to hours of duty to meet the most urgent need. When the need for service is weighed against the available service and compared to the usual standards in white communities, this total effort represents approximately 5 percent of the total medical need.

Tuberculosis and other diseases of major importance.—Our present chief of tuberculosis at the Fort Defiance Sanatorium believes that 5 percent of the Navahos are infected with this disease. How many of this number are "open" cases, producing bacilli-laden sputum, and therefore capable of seeding the disease and spreading it among the general population, is a matter of dispute, and subject to well-intended but unreliable speculation. From observations and experience it is our belief that 3,500 would be an underestimate. To serve the double purpose of medical care for the infected and protection for the uninfected, 110 reservation beds and 315 off-reservation contract beds are provided. This leaves, by conservative estimate, 3,000 tuberculous Indians uncared for on the reservation, to spread their disease to others and eventually to die of it. We must remember that these people menace not only the remainder of the Navaho population but also the adjacent non-Indian communities and those to which they migrate for seasonal labor.

A measure of the effectiveness of the total health effort, including direct medical care and public health, is found in a comparison of vital statistics of Navaho and the general population of the United States: There are more than nine times as many deaths from tuberculosis per unit of population than for a similar unit of the general population of the country. Deaths from dysentery are more than 13 times greater than for the general population. Deaths from measles are 29 times as frequent as for the general population. In the following table (1952), each figure is an understatement of fact due to underreporting and to calculation against the highest plausible population estimate.

Ratio of Window Rock area death rates to United States total death rates per 100,000 population

	Death rates Window Rock	Death rates total United States	Ratio Window Rock to United States
Tuberculosis	149.8	16.1	9.30
Dysentery	7.9	.6	13.17
Whooping cough	1.3	.3	3.25
Meningococcal infections	2.6	.9	2.89
Acute poliomyelitis	3.9	2.1	1.86
Measles	11.8	.4	29.50
Pneumonia	99.9	26.6	3.76
Gastroenteritis	134.0	5.4	24.81
Maternal causes	6.6	1.6	4.13
Infections of newborn	15.8	2.7	5.85
Other conditions of infancy	61.8	20.7	2.99
Accidents	103.8	63.2	1.64
Unattended deaths	138.0	12.7	10.87

You asked specifically to be told how tuberculosis cases were discovered and how they were handled. First it should be pointed out that the only cases being treated at present are those who present themselves or are referred into the hospital because of hemorrhage, pain, marked weight loss or weakness; plus those found in the routine handling of cases admitted for other purposes such as obstetrics, pediatrics, etc. No specific effort is being made to find cases because of lack of facilities for care and because of pressures from the tribal council who are on record as being against a case-finding campaign when facilities and personnel are not available to supply service. Even under the present system there is a waiting list of over a hundred cases and 10 new cases are being found each week.

The following table shows the Navaho hospitals and their operational status, and contract hospital beds, and points up some of the problems of professional staffing.

Navaho hospitals

	Rated capacity	Beds in operation	Beds closed	Average length of stay	1954—Positions, within available funds						
					Estimate of total funded positions	Number of physicians	Physician vacancies	Number of nurses	Number, nurse vacancies	Other employees	Number, other vacancies
Fort Defiance	208	166	42	35	162	[1] 12	3	[1] 41	8	109	5
Tuberculosis	(93)			(245)							
General, excluding obstetrics	(115)			(20)							
Crownpoint	56	48	8	13	45	2	1	12	3	31	1
Shiprock	41	35	6	11	38	2		7	2	29	10
Tuba City	[2] 35	35		10	35	2	1	10	1	23	3
Keams Canyon	35	30	5	10	35	1		8	4	26	4
Winslow	73	45	28	13	40	2	1	11	2	27	4
Total	448	359	89	[3] 14	355	21	6	89	20	245	27

[1] Some of these physician and nurse positions are financed from public health program funds, and although reported at hospitals are performing field-clinic work.
[2] Upon completion of construction Tuba City will have 75 beds.
[3] This is average length of stay for all general patients for area, excluding obstetrical.

Navaho-Hopi hospitals

Total programed positions, 1954 before lapse	412
Estimated total positions for which funds are available	355
Total filled positions, January 1954	302
Total vacancies	53

(Positions reported for Fort Defiance include Gallup clinic.)

Window Rock area tuberculosis patients in non-Bureau hospitals as of Dec. 31, 1953

Name of institution	Location	Number of patients
Barfield Sanatorium	Tucson, Ariz	48
Cragmor Sanatorium	Colorado Springs, Colo	54
Fort Stanton Sanatorium	Fort Stanton, N. Mex	77
Mesa Vista Sanatorium	Boulder, Colo	74
Nopeming Sanatorium	Nopeming, Minn	1
Pottenger Sanatorium	Monrovia, Calif	30
Santa Teresita Sanatorium	Duarte, Calif	18
Valmora Sanatorium	Valmora, N. Mex	13
Total		315

Attention is called to a matter of immediate urgency, threatened collapse of the health effort within 2 years due to the shortage of physicians unless the program of using local resources in all possible areas is further implemented or unless immediate action is taken by higher authority to increase the attractiveness of medical service in the Bureau of Indian Affairs.

In 1940 the Bureau employed 172 physicians of which 164 were civil service physicians and 8 were United States Public Health Service officers on loan to the Bureau of Indian Affairs. In 1946 there were 82 physicians (72 civil-service and 10 U. S. Public Health Service) or approximately 1 physician per hospital in operation regardless of the size of the hospital. In 1949 under an agreement with the United States Public Health Service through the Medical Resources Committee, physicians eligible for compulsory service under the Doctor Draft Act (Public Law 84) were commissioned in the United States Public Health Service and assigned to the Bureau of Indian Affairs for duty. Under this program starting in 1951, physicians became available in minimally adequate quantities. In 1952 there was a total of 182 physicians, 73 of which were civil service and 109 United States Public Health Service officers. In 1953 there was a high of 173 physicians. On January 14, 1954, there was a total of 144 physicians, 55 civil service and 89 United States Public Health Service. Since that date, we have lost four additional physicians. In addition, there will be a known loss of 63 over the next 2 years due to physicians completing their obligated military service.

Recruiting has been at a standstill. Physicians are not being called up under the Draft Act in appreciable quantities. There is a request for 46 physicians from the United States Public Health Service which cannot be complied with because of the general shortage of physicians in the Public Health Service. The future would indicate that the situation will become progressively more critical.

Environmental health.—Health on the Navaho in its present form is essentially the result of the environment in which the Navaho has been forced to live. The economy of the area in its present state of development is completely unable to support the population. Disease and poverty go hand in hand and since the important disease killers on the Navaho are preventable in nature, a broad approach to health and a direct attack at the heart of the problems should be carried on vigorously while attempting to alleviate the end product; disease, suffering, and death, which have continued to occur because of this lack.

Education, roads, communications, water, general improvement in their economy and relocation can all be considered health measures in this sense. Much can be accomplished, however, even in the present situation by means of health education, environmental sanitation, additional public health nursing, a nutrition program, an active case-finding campaign, increased use of community facilities and greater utilization of present facilities. Then and only then will it be possible to stop this needless expense, suffering and loss of life. Foci of severe infectious diseases such as exist on the Navaho constitute a social threat of alarming magnitude.

Mr. JENSEN. Dr. Shaw, I believe this is the first time you have appeared before the committee?

Dr. SHAW. Yes, sir.

Mr. JENSEN. You possibly do not know that our colleague on this committee, Congressman Fenton, is a very eminent doctor in his own right, and we have more or less turned over to him the health problems of Indians as they relate to the work of this committee. I am sure Dr. Fenton has some questions he would like to ask at this time.

HOSPITAL FACILITIES

Mr. FENTON. As I understand it now, the hospital situation resolves itself into 43 hospitals in the Indian Service, 35 in the United States and 8 in Alaska, with a total bed capacity of about 3,000?

Dr. SHAW. Approximately 3,000.

Mr. FENTON. You have already explained what I had in mind as far as the professional personnel is concerned in the hospitals. How many doctors do you require for the functioning of the 35 hospitals in the United States and the 8 in Alaska.

Dr. SHAW. For staffing we would need in the neighborhood of 180 for a minimum staff.

Mr. FENTON. Both United States and Alaska?

Dr. SHAW. And that would include the Public Health Service doctors brought into our program, that is, after the 17 hospitals have been closed.

Mr. FENTON. Are some of the Hill-Burton hospitals situated rather close to the Indian areas?

Dr. SHAW. Yes, sir. I am prepared to take up any one or all of the hospitals which we have recommended be closed.

In the Aberdeen area, there is the Sisseton Community Hospital, which has a rated capacity of 22 beds, with an average of 13 patients, or an average occupancy of 59 percent. The Tekakithwa Hospital has a rated capacity of 40 and an average of 7 patients. St. Luke's Hospital in Aberdeen has 218 beds and an average of 39 patients, or an average occupancy of 63.8 percent. So right in the same community we have more than enough beds to care for our load which averages 19 patients.

The Cherokee Hospital in the Minneapolis area is one of Mr. Foster's hospitals. It has a rated capacity of 28, in which we average 7 patients; we averaged 11 all of last year. It has an occupancy ratio of 44 percent.

I could go through all 17 of those hospitals we propose to close.

Mr. FENTON. Insert those statistics and the overall statistics you have been referring to in the record, please, at this point.

(The material referred to follows:)

THE NEED TO USE COMMUNITY FACILITIES IN LIEU OF BUREAU HOSPITALS AND BUREAU-EMPLOYED PHYSICIANS

Several considerations necessitate a policy of turning to community resources for the hospital and medical care of eligible Indian patients whenever these resources of a suitable character are readily available.

The first consideration is the growing problem of medical staff. With the outbreak of the Korean war and the operation of the doctor-dentist draft, reasonably adequate numbers of well trained physicians became available to the Bureau for staffing its hospitals and clinics. With the cessation of hostilities in Korea

the number of physicians being brought into the Government services, through the doctor-dentist draft, has become negligible. Yet it was through the operation of the draft that the Bureau obtained the larger share of its physicians—physicians commissioned by the Public Health Service and detailed to the Bureau of Indian Affairs. These Public Health Service physicians are obligated to serve with the Government for 2 years. Most of them will have completed this period of obligatory service by the end of the calendar year and only a small percentage are willing to remain when this service is up. The time is therefore approaching when the need for physicians in the Bureau will far exceed the present rate of supply. In other words, many of the presently filled positions will be vacant and, lacking other arrangements, an increasing number of Indian patients will be unattended and without medical care.

Physicians serving out obligatory service could, and have been, assigned where needed. Our smaller hospitals and more isolated stations have therefore been reasonably well staffed. From now on physicians will have to be recruited in the open market and will pick and choose where they are willing to serve. In most instances they will accept employment only at the more attractive posts—generally the larger hospitals located in the larger towns where the advantages of professional and social contacts are likely to be greater and where the community services such as schools and churches are generally better developed.

The larger the number of physicians the Bureau needs, the more difficult and uncertain is the job of recruiting. The Government salary scale for physicians, as against the rewards of private practice, attracts very few able and competent medical men indeed. Pending a substantial revision of the civil service salary rates we must move to obtain needed medical services through the same avenues or facilities as the non-Indian uses if we are to make any reasonable adjustment to the problem of medical manpower in the Bureau.

Most of the Bureau's medical posts are in isolated, sparsely settled areas; most of the facilities are old and, in general, designed for a standard of service that is no longer in keeping with the needs of present day medicine. Low compensation rates, compared with private practice today, combined with assignments to remote, isolated stations will not permit us to maintain our present level of medical staff as the doctor-dentist draft ceases to be effective.

A second major consideration is found in the requirements for a modern hospital. The modern hospital is a complex, technical machine employing a host of scientific diagnostic aids, preventive and curative measures, and many kinds and levels of professional skill. The medical staff alone must cover at least the major areas of medical specialization and can no longer be encompassed in a medical staff of 2 or 3 physicians. The well-trained physicain who does not have access to a well-designed, well-equipped and well-staffed hospital cannot use his training to advantage. He therefore avoids these locations and goes where they are accessible, as is shown by the fact that all studies on the distribution of physicians have revealed that the number of physicians per 100,000 population steadily increases with the number of hospital beds in the population.

Until the advent of the Hill-Burton Hospital Construction Act, modern hospitals, because of their costly construction, were seldom found in other than the more populous and economically privileged communities. Relatively few rural communities were able to have hospitals and in consequence an increasing number of them were without a physician. Since 1946, the construction of modern hospitals in an increasing number of rural communities has attracted physicians to locations they would previously have avoided.

Under the Hill-Burton Act a program of hospital construction was initiated which gave priority to rural areas and granted funds for assisting in the construction or modernization of hospitals in locations where a statewide survey and plan had shown the facilities were clearly needed. The statewide survey and plan included the needs of the total population, including all Indian citizens.

We have therefore today a situation quite different from that of even 5 years ago. Five years ago, many of our hospitals then as now were old and isolated but they then were the only hospital facility available in the community. Frequently they had only 1 or 2 physicians and too often no physician at all but they were able to furnish some measure of care and often the care they furnished was the only care available to Indian or non-Indian. No other physicians were in the area. Now we are again faced with the imminent prospect that these hospitals will again be short of medical staff. The difference today, however, is found in the fact that many of the communities now have hospitals of latest design and equipment, staffed by well-trained physicians permanently residing in the communities. These hospitals and physicians in the majority of instances

are willing to accept Indian patients and have sufficient beds and office time available to handle the additional patientload. Contractual arrangements for the care of eligible Indians in these hospitals and physicians' offices should be made. It would not only give the Indian patient a better grade of care but assure the availability of such care without the interruptions that result in a Bureau hospital when the medical staff is lost.

Use of the hospital and medical services in these communities in lieu of Bureau hospitals and clinics should be thought of not as a loss to the Indian but as a gain—he will receive a better grade of care often at lower cost. His assimilation will have been advanced, the local hospital and medical staff will have been strengthened by having a broader base for financial support; at the same time the persistent problem of medical staffing will have been substantially alleviated.

The following charts show clearly the past experience and future trends in the staffing of Bureau-operated facilities.

Special data follows relating to the areas where it is proposed to terminate direct operation of Bureau hospitals.

BUREAU OF INDIAN AFFAIRS

Medical facilities—Number of physicians employed (1940–53)

Year	Number of hospitals	Total number of beds	General beds	Tubercular beds	Total number of physicians [1]	Number of full-time civil-service physicians	Number of Public Health Service officers on loan to Bureau of Indian Affairs
1940					172	164	8
1941					157	149	8
1942					149	141	8
1943 [2]							8
1944 [2]							11
1945 [2]							15
1946					82	72	10
1947	73	3,773	2,761	1,012	93	82	11
1948	64	3,784	2,855	929	104	89	15
1949	65	2,576	1,894	682	101	88	13
1950	64	2,857	2,137	720	110	91	19
1951	62	2,878	1,657	1,221	169	88	81
1952	62	2,856	1,539	1,317	182	73	109
1953	58	2,906	1,643	1,263	173	62	111

[1] Number of physicians includes all full-time physicians on duty in administrative, public health, outpatient clinics, and hospital positions.
[2] Complete figures not available.

Commissioned, Public Health Service, physicians with Bureau of Indian Affairs (Jan. 14, 1954)—Number of subject physicians completing obligated military service by month and year (24 months total obligated service)

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
1954	2	1	------	1	------	2	6	5	3	1	2	2	25
1955	2	1	------	2	1	1	16	5	6	3	------	1	38
Total	------	------	------	------	------	------	------	------	------	------	------	------	63

Medical officers employed as of Jan. 14, 1954

Commissioned, Public Health Service	89
Civil service	55
Total	144
Commissioned, Public Health Service officers who have completed obligated military service	26
Commissioned, Public Health Service officers who have not completed obligated military service	63

Sisseton Hospital

Hospital use

Date	Rated capacity	Authorized capacity	Available beds	Average daily patient load	Percent of occupancy		Per diem cost
					Rated	Authorized	
Fiscal year 1945	32	(1)	(1)	12	37.5	(1)	(1)
Fiscal year 1946	32	(1)	(1)	13	40.6	(1)	$10.73
Fiscal year 1947	32	32	(1)	18	56.3	56.3	8.66
Fiscal year 1948	32	32	(1)	22	68.8	68.8	7.65
Fiscal year 1949	32	15	(1)	21	65.6	140.0	10.46
Fiscal year 1950	32	15	(1)	22	68.8	146.7	9.98
Fiscal year 1951	32	20	(1)	20	62.5	100.0	12.49
Fiscal year 1952	32	20	32	20	62.5	100.0	12.39
Fiscal year 1953	30	22	32	19	63.3	85.9	16.71
1954 to date	30	20	32	19	63.3	95.0	(1)

[1] Not available.

Length of stay of discharged patients excluding deceased

	Calendar year 1952			Calendar year 1953		
	Number of patients	Number of days	Average stay	Number of patients	Number of days	Average stay
Total	829	7,055	8.5	923	7,375	8.0
Tuberculosis	25	646	25.8	15	887	59.1
Obstetric	92	517	5.6	81	508	6.3
New born	73	340	4.7	68	350	5.1
All other	639	5,552	8.7	759	5,630	7.6

Indian population, Sisseton Reservation, July 1, 1952

	Number	Percent
Total enrolled	3,648	
Residing in hospital service area	2,261	62.0

Other hospitals

	Miles	Rated capacity	Utilization	Percent of occupancy
Sisseton Community	0	22	13	59.1
Tekakwitha	0	40	7	17.5
St. Luke's (Aberdeen)	100	218	139	63.8

WINNEBAGO HOSPITAL

Hospital use

Date	Rated capacity	Authorized capacity	Available beds	Average daily patient load	Percent of occupancy		Per diem cost
					Rated	Authorized	
Fiscal year 1945	54	(1)	(1)	20	37.0	(1)	(1)
Fiscal year 1946	54	(1)	(1)	26	48.1	(1)	$7.04
Fiscal year 1947	54	54	(1)	30	55.6	55.6	6.35
Fiscal year 1948	54	54	(1)	24	44.4	44.4	8.97
Fiscal year 1949	54	25	(1)	21	38.9	84.0	12.93
Fiscal year 1950	54	25	(1)	16	29.6	64.0	16.57
Fiscal year 1951	54	25	(1)	16	29.6	64.0	18.25
Fiscal year 1952	54	17	32	14	25.9	82.4	19.08
Fiscal year 1953	32	18	32	13	40.6	73.9	27.60
1954 to date	32	15	32	12	37.5	81.3	(1)

Length of stay of discharged patients excluding deceased

	Calendar year 1952			Calendar year 1953		
	Number of patients	Number of days	Average stay	Number of patients	Number of days	Average stay
Total	581	5,658	9.7	663	5,050	7.6
Tuberculosis	29	1,153	39.8	10	317	31.7
Obstetric	113	807	7.1	123	799	6.5
Newborn	85	427	5.0	94	640	6.8
All other	354	3,271	9.2	436	3,294	7.6

Population July 1, 1952

	Number	Percent
Total enrolled	4,933	
Omaha Reservation	1,698	
Ponca Reservation	401	
Santee-Sioux Reservation	1,248	
Winnebago Reservation	1,586	
Residing in hospital service area	3,425	69.4
Omaha Reservation	1,273	75.0
Ponca Reservation	200	49.9
Santee-Sioux Reservation	832	66.7
Winnebago Reservation	1,120	70.6

Other hospitals

	Miles	Rated capacity	Utilization	Percent of occupancy
Logan Valley (Pender, Nebr.)	18	16	8	50.0
Lutheran (Sioux City, Iowa)	20	140	(1)	
Methodist (Sioux City, Iowa)		160	(1)	
St. Joseph Mercy (Sioux City, Iowa)		450	(1)	
St. Vincent's (Sioux City, Iowa)		170	(1)	
Creighton Memorial (Omaha, Nebr.)	80	575	460	80.0

[1] Not available.

NOTE.—New wings recently constructed on all 4 Sioux City hospitals.

Albuquerque General Hospital

Hospital use

Date	Rated capacity	Authorized capacity	Available beds	Average daily patient load	Percent of occupancy		Per diem cost
					Rated	Authorized	
Fiscal year 1945	60	(1)	(1)	37	61.7	(1)	(1)
Fiscal year 1946	60	(1)	(1)	40	66.7	(1)	$5.91
Fiscal year 1947	60	60	(1)	40	66.7	66.7	6.66
Fiscal year 1948	60	60	(1)	42	70.0	70.0	6.70
Fiscal year 1949	60	44	(1)	53	88.3	120.5	6.84
Fiscal year 1950	60	44	(1)	46	76.7	104.5	8.34
Fiscal year 1951	60	53	(1)	43	41.7	81.1	9.91
Fiscal year 1952	60	50	60	44	73.3	88.0	9.28
Fiscal year 1953	46	50	67	41	89.1	81.6	13.45
1954 to date	46	50	67	37	80.4	73.2	(1)

[1] Not available.

Length of stay of discharged patients, excluding deceased

	Calendar year 1952		
	Number of patients	Number of days	Average stay
Total	1,573	16,914	10.8
Tuberculosis	23	401	17.4
Obstetric	287	1,773	6.2
Newborn	247	2,120	8.6
All other	1,016	12,620	12.4

Population, United Pueblos Agency, July 1, 1952

	Number	Percent
Total enrolled	18,397	
Residing in hospital service area	17,000	92.4

Other hospitals

	Miles	Rated capacity	Utilization	Percent of occupancy
Bernalillo County General	0	0	(1)	0

[1] Not available.

Edward T. Taylor Hospital

Hospital use

Date	Rated capacity	Authorized capacity	Available beds	Average daily patient load	Percent of occupancy		Per diem cost
					Rated	Authorized	
Fiscal year 1945	21	(1)	(1)	10	47.6	(1)	(1)
Fiscal year 1946	21	(1)	(1)	11	52.4	(1)	$7.22
Fiscal year 1947	21	21	(1)	7	33.3	33.3	14.57
Fiscal year 1948	21	21	(1)	9	42.9	42.9	13.77
Fiscal year 1949	21	15	(1)	10	47.6	66.7	14.18
Fiscal year 1950	21	10	(1)	8	38.1	80.0	17.81
Fiscal year 1951	21	10	(1)	13	61.9	130.0	15.58
Fiscal year 1952	21	10	35	14	66.7	140.0	13.06
Fiscal year 1953	34	10	39	11	32.4	107.0	24.50
1954 to date	34	10	39	6	17.6	55.0	(1)

Length of stay of discharged patients exclusive of deceased

	Calendar year 1952		
	Number of patients	Number of days	Average stay
Total	693	(1)	7.2
Tuberculosis	26	(1)	20.7
Obstetric	97	(1)	5.8
Newborn	60	(1)	7.6
All other	510	(1)	6.8

Population July 1, 1952

	Number	Percent
Total enrolled	1,119	
Southern Ute	519	
Ute Mountain	600	
Allen Canyon	(1)	
Residing in hospital service area	1,117	99.8
Southern Ute	436	84.0
Ute Mountain	546	91.0
Allen Canyon	135	(1)

Other hospitals

	Miles	Rated capacity	Utilization	Percent of occupancy
La Plata, Durango	20	30	17	56.7
Mercy, Durango	20	62	43	69.4

[1] Not available.

Mescalero Hospital

Hospital use

Date	Rated capacity	Authorized capacity	Available beds	Average daily patient load	Percent of occupancy		Per diem cost
					Rated	Authorized	
Fiscal year 1945	32	(1)	(1)	13	40.6	(1)	(1)
Fiscal year 1946	32	(1)	(1)	11	34.4	(1)	$8.51
Fiscal year 1947	32	32	(1)	11	34.4	34.4	8.47
Fiscal year 1948	32	32	(1)	11	34.4	34.4	10.45
Fiscal year 1949	32	10	(1)	17	53.1	170.0	7.27
Fiscal year 1950	32	10	(1)	14	43.8	140.0	8.94
Fiscal year 1951	32	17	(1)	11	34.4	64.7	15.92
Fiscal year 1952	32	14	32	16	50.0	114.3	10.45
Fiscal year 1953	33	14	32	14	42.4	101.4	15.45
1954 to date	33	14	33	13	39.4	90.7	(1)

Length of stay of discharged patients exclusive of deceased

	Calendar year 1952		
	Number of patients	Number of days	Average stay
Total	756	4,352	5.8
Tuberculosis	6	88	14.7
Obstetric	52	243	4.7
Newborn	29	107	3.7
All other	669	3,914	5.9

Population Mescalero Reservation, July 1, 1952

	Number	Percent
Total enrolled	1,092	
Residing in hospital service area	1,012	92.7

Other hospitals

	Miles	Rated capacity	Utilization	Percent of occupancy
Gerald Champion Memorial, Alamegerde	29	29	14	48.3
Lincoln County, Carrizoze	62	23	10	43.5
St. Mary's, Roswell	88	90	58	64.4

[1] Not available.

Clinton Hospital

Hospital use

Date	Rated capacity	Authorized capacity	Available beds	Average daily patient load	Percent of occupancy		Per diem cost
					Rated	Authorized	
Fiscal year 1945	27	(1)	(1)	13	48.1	(1)	(1)
Fiscal year 1946	27	(1)	(1)	10	37.0	(1)	$6.65
Fiscal year 1947	32	32	(1)	8	25.0	25.0	9.73
Fiscal year 1948	32	27	(1)	11	34.4	40.7	13.27
Fiscal year 1949	32	20	(1)	17	53.1	85.0	11.30
Fiscal year 1950	32	15	(1)	17	53.1	113.3	11.97
Fiscal year 1951	32	20	(1)	16	50.0	80.0	13.87
Fiscal year 1952	32	20	31	17	53.1	85.0	13.04
Fiscal year 1953	28	17	31	15	53.6	87.1	20.86
Fiscal year 1954 to date	28	17	28	11	39.3	66.5	(1)

[1] Not available.

Length of stay of discharged patients exclusive of deceased

	Calendar year 1952		
	Number of patients	Number of days	Average stay
Total	824	6,259	7.5
Tuberculosis	7	407	58.1
Obstetric	131	782	5.9
Newborn	90	336	3.7
All other	596	4,734	7.7

Population, Southern Plains agency, July 1, 1952

	Number	Percent
Total enrolled	(1)	
Residing in hospital service area	3,019	

[1] Not available.

Other hospitals

	Miles	Rated capacity	Utilization	Percent of occupancy
Western Oklahoma State, Clinton	0	[1] 109	71	65.1
Community, Elk City	30	75	28	37.3
Tisdal, Elk City	30	26	16	61.5
Stowers-Hannas, Sentinel	34	20	9	45.0
Watonga Municipal, Watonga	43	27	12	44.4
Sayre Municipal, Sayre	47	22	9	40.9
Catto, El Reno	59	12	(2)	(2)
El Reno Sanitarium, El Reno	59	32	18	56.3
Erick, Erick	65	(2)	(2)	(2)
Okeene Municipal, Okeene	67	20	10	50.0
Kingfisher, Kingfisher	72	20	8	40.0
Okarche Memorial, Okarche	72	19	14	73.7

[1] Adding 148 tuberculosis and 134 general.
[2] Not available.

Kiowa Hospital

Hospital use

Date	Rated capacity	Authorized capacity	Available beds	Average daily patient load	Percent of occupancy		Per diem cost
					Rated	Authorized	
Fiscal year 1945	150	(1)	(1)	78	52.0	(1)	(1)
Fiscal year 1946	150	(1)	(1)	92	61.3	(1)	$5.55
Fiscal year 1947	150	150	(1)	88	58.7	58.7	6.05
Fiscal year 1948	150	150	(1)	64	42.7	42.7	9.89
Fiscal year 1949	150	75	(1)	65	43.3	86.7	10.75
Fiscal year 1950	150	75	(1)	68	45.3	90.7	11.02
Fiscal year 1951	150	75	(1)	66	44.0	88.0	13.50
Fiscal year 1952	150	70	110	65	43.3	92.9	12.66
Fiscal year 1953	80	73	83	60	75.0	82.2	14.96
1954 to date	80	65	80	53	66.3	82.0	(1)

[1] Not available.

Length of stay of discharged patients exclusive of deceased

	Calendar year 1952		
	Number of patients	Number of days	Average stay
Total	2,088	22,800	10.9
Tuberculosis	28	435	15.5
Obstetric	335	2,248	6.7
Newborn	262	1,336	5.0
All other	1,463	18,781	12.8

Population Southern Plains agency, July 1, 1952

	Number	Percent
Total enrolled	20,695	
Residing in hospital service area	14,983	72.4

Other hospitals

	Miles	Rated capacity	Utilization	Percent of occupancy
Comanche County, Lawton	0	118	31	26.3
Southwestern Clinic, Lawton	0	63	42	66.7

Note.—Within 100 miles there are 15 hospitals from 13 to 64 beds with approximately 50-percent utilization.

Pawnee-Ponca Hospital

Hospital use

Date	Rated capacity	Authorized capacity	Available beds	Average daily patient load	Percent of occupancy		Per diem cost
					Rated	Authorized	
Fiscal year 1945	50	(1)	(1)	18	36.0	(1)	(1)
Fiscal year 1946	50	(1)	(1)	19	38.0	(1)	$7.62
Fiscal year 1947	50	50	(1)	17	34.0	34.0	9.93
Fiscal year 1948	50	50	(1)	17	34.0	34.0	10.83
Fiscal year 1949	50	20	(1)	22	44.0	110.0	9.34
Fiscal year 1950	50	15	(1)	22	44.0	146.7	9.40
Fiscal year 1951	50	22	(1)	20	40.0	90.9	11.85
Fiscal year 1952	50	20	28	22	44.0	110.0	10.51
Fiscal year 1953	33	22	40	17	51.5	78.2	22.25
Fiscal year 1954 to date	33	18	33	14	42.4	79.4	(1)

Length of stay of discharged patients excluding deceased

	Calendar year 1952		
	Number of patients	Number of days	Average stay
Total	842	7,860	9.3
Tuberculosis	6	110	18.3
Obstetric	175	1,450	8.2
Newborn	111	660	5.9
All other	550	5,640	10.3

Population, July 1, 1952

	Number
Total enrolled	(1)
Residing in hospital service area	5,921

Other hospitals

	Miles	Rated capacity	Utilization	Percent of occupancy
Pawnee Municipal, Pawnee	0	25	12	48.0
Fairfax Memorial, Fairfax	23	18	6	33.3
Cushing Municipal, Cushing	24	75	68	90.7
Stillwater Municipal, Stillwater	27	84	14	16.7
Memorial, Perry	27	30	9	30.0
Pawhuska Municipal, Pawhuska	52	32	19	59.4
Ponca City	56	110	70	63.6
Blackwell General, Blackwell	77	54	33	61.1
Anderson, Shawnee	77	28	21	75.0
Baxter, Shawnee	77	35	21	60.0
Shawnee Municipal, Shawnee	77	75	22	29.3

[1] Not available.

Fort Peck Hospital

Hospital use

Date	Rated capacity	Authorized capacity	Available beds	Average daily patient load	Percent of occupancy		Per diem cost
					Rated	Authorized	
Fiscal year 1945	23	(1)	(1)	16	69.6	(1)	(1)
Fiscal year 1946	23	(1)	(1)	15	65.2	(1)	$5.55
Fiscal year 1947	23	23	(1)	15	65.2	65.2	6.61
Fiscal year 1948	23	23	(1)	12	52.2	52.2	9.38
Fiscal year 1949	23	15	(1)	12	52.2	80.0	14.25
Fiscal year 1950	23	15	(1)	12	52.2	80.0	13.74
Fiscal year 1951	23	15	(1)	14	60.9	93.3	14.99
Fiscal year 1952	23	15	27	15	65.2	100.0	13.13
Fiscal year 1953	23	12	23	13	56.5	108.3	15.42
1954 to date	23	15	23	13	56.5	88.0	(1)

[1] Not available.

Length of stay of discharged patients excluding deceased

	Calendar year 1952			Calendar year 1953		
	Number of patients	Number of days	Average stay	Number of patients	Number of days	Average stay
Total	779	5,854	7.5	806	5,649	7.0
Tuberculosis	11	168	15.3	11	163	14.8
Obstetric	137	519	3.8	151	582	3.9
Newborn	109	888	8.1	111	460	4.1
All other	522	4,279	8.2	533	4,444	8.3

Population, July 1, 1952

	Number	Percent
Total enrolled	3,571	
Residing in hospital service area	2,210	63.5

Other hospitals

	Miles	Rated capacity	Utilization	Percent of occupancy
Wolf Point (nonsegregated; all-weather highway)	20	40	19	47.5

Cherokee Hospital

Hospital use

Date	Rated capacity	Authorized capacity	Available beds	Average daily patient load	Percent of occupancy		Per diem cost
					Rated	Authorized	
Fiscal year 1945	28	(1)	(1)	17	60.7	(1)	(1)
Fiscal year 1946	28	(1)	(1)	17	60.7	(1)	$6.67
Fiscal year 1947	28	28	(1)	17	60.7	60.7	6.69
Fiscal year 1948	28	28	(1)	16	57.1	57.1	7.39
Fiscal year 1949	28	15	(1)	17	60.7	113.3	8.64
Fiscal year 1950	28	16	(1)	14	50.0	87.5	10.95
Fiscal year 1951	28	20	(1)	16	57.1	80.0	13.38
Fiscal year 1952	28	15	29	12	42.9	80.0	14.47
Fiscal year 1953	25	15	29	11	44.0	76.0	19.87
1954 to date	25	15	25	7	28.0	43.3	(2)

Length of stay of discharged patients excluding deceased

	Calendar year 1952			Calendar year 1953		
	Number of patients	Number of days	Average stay	Number of patients	Number of days	Average stay
Total	694	4,742	6.8	654	3,789	5.8
Tuberculosis	4	165	41.3	3	25	8.3
Obstetric	129	737	5.7	110	531	4.8
Newborn	106	592	5.6	83	388	4.7
All other	455	3,248	7.1	458	2,845	6.2

Population, July 1, 1952

	Number	Percent
Total enrolled	2,540	----------
Residing in hospital service area	2,698	106.2

Other hospitals

	Miles	Rated capacity	Utilization	Percent of occupancy
Swain County, Bryson City	10	20	11	55.0
Hawood County	27	72	43	59.7
Angel Clinic, Franklin	36	33	13	39.4
Angel Hospital, Franklin	36	56	21	37.5
Appalachi Hall, Ashville	50	150	87	58.0
Ashton Park, Ashville	50	45	36	75.0
Highland, Ashville	50	80	72	90.0
Memorial Mission, Ashville	50	274	197	71.9
St. Josephs, Ashville	50	117	90	76.9
C. J. Harris committee, Sylva	16	45	23	51.1

[1] Not available.

Fond Du Lac Hospital

Hospital use

Date	Rated capacity	Authorized capacity	Available beds	Average daily patient load	Percent of occupancy		Per diem cost
					Rated	Authorized	
Fiscal year 1945	18	[1]	[1]	14	78.6	[1]	[1]
Fiscal year 1946	18	[1]	[1]	11	61.1	[1]	7.88
Fiscal year 1947	18	18	[1]	12	66.7	66.7	9.30
Fiscal year 1948	18	18	[1]	13	72.2	72.2	9.30
Fiscal year 1949	18	12	[1]	9	50.0	75.0	13.13
Fiscal year 1950	18	12	[1]	13	72.2	108.3	10.45
Fiscal year 1951	18	12	[1]	13	72.2	108.3	13.84
Fiscal year 1952	18	18	21	13	72.2	108.3	13.01
Fiscal year 1953	14	18	16	9	64.3	74.2	21.77
1954 to date	14	11	16	8	57.1	68.2	[1]

[1] Not available.

Length of stay of discharged patients excluding deceased

	Calendar year 1952			Calendar year 1953		
	Number of patients	Number of days	Average stay	Number of patients	Number of days	Average stay
Total	386	3,972	10.3	337	3,214	9.5
Tuberculosis	2	29	14.5	3	63	21.0
Obstetric	70	467	6.7	67	569	8.5
Newborn	48	289	6.0	53	323	6.1
All other	266	3,237	12.2	214	2,259	10.6

Population, July 1, 1952

	Number	Percent
Total enrolled	1,439	
Residing in hospital service area	[1]	

[1] Not available.

Other hospitals

	Miles	Rated capacity	Utilization	Percent of occupancy
Butler Maternity, Cloquet	0	5	[1]	[1]
Raiter, Cloquet	0	34	23	67.6
Miller Memorial, Duluth	19	92	86	93.5
St. Luke's, Duluth	19	355	270	76.1
St. Mary's, Duluth	19	285	79	27.7

[1] Not available.

Choctaw Hospital

Hospital use

Date	Rated capacity	Authorized capacity	Available beds	Average daily patient load	Percent of occupancy		Per diem cost
					Rated	Authorized	
Fiscal year 1945	35	(1)	(1)	19	54.3	(1)	(1)
Fiscal year 1946	35	(1)	(1)	20	57.1	(1)	5.35
Fiscal year 1947	35	35	(1)	15	42.9	42.9	7.49
Fiscal year 1948	35	35	(1)	15	42.9	42.9	7.14
Fiscal year 1949	35	15	(1)	13	37.1	86.7	9.28
Fiscal year 1950	35	15	(1)	21	60.0	140.0	6.97
Fiscal year 1951	35	15	(1)	17	48.6	113.3	10.43
Fiscal year 1952	35	15	35	20	57.1	133.3	8.61
Fiscal year 1953	27	20	27	18	66.7	89.5	13.68
1954 to date	27	20	27	15	55.6	75.5	(1)

[1] Not available.

Length of stay of discharged patients excluding deceased

	Calendar year 1952		
	Number of patients	Number of days	Average stay
Total	877	7,451	8.5
Tuberculosis			
Obstetric	127	1,269	10.0
Newborn	72	722	10.0
All other	678	5,460	8.1

Population, July 1, 1952

	Number	Percent
Total enrolled	2,838	100.0
Residing in hospital service area	1,882	66.3

Other hospitals

	Miles	Rated capacity	Utilization	Percent occupancy
Laird Union	16	30	20	66.7
Louisville, Louisville	23	23	(1)	(1)
Leake County, Carthage	26	50	12	24.0
Newton Infirmary, Newton	36	35	16	45.7
Anderson Infirmary, Meridian	40	72	55	76.4
Arrington, Meridian	40	15	7	46.7
East Mississippi State, Meridian	40	860	794	92.3
Matty Hersee, Meridian	40	101	64	63.4
Riley's, Meridian	40	50	31	62.0
Rush Memorial, Meridian	40	92	71	77.2
St. Joseph, Meridian	40	40	24	60.0
Jones County, Laurel	[2] 15	105	(1)	(1)
Laurel General, Laurel	[2] 15	50	29	58.0
Masonite, Laurel	[2] 15	30	27	90.0
Southern Mississippi Charity	[2] 15	110	72	65.5

[1] Not available.
[2] Average distance from Bogue Chitto and Bogue Home areas.

Claremore Hospital

Hospital use

Date	Rated capacity	Authorized capacity	Available beds	Average daily patient load	Percent of occupancy		Per diem cost
					Rated	Authorized	
Fiscal year 1945	80	(1)	(1)	61	76.3	(1)	(1)
Fiscal year 1946	80	(1)	(1)	60	75.0	(1)	5.10
Fiscal year 1947	80	80	(1)	42	52.5	52.5	9.64
Fiscal year 1948	80	80	(1)	33	41.3	41.3	10.26
Fiscal year 1949	80	50	(1)	49	61.3	98.0	7.92
Fiscal year 1950	80	40	(1)	63	78.8	157.5	6.78
Fiscal year 1951	80	50	(1)	57	71.3	114.0	8.77
Fiscal year 1952	80	50	50	50	62.5	100.0	9.45
Fiscal year 1953	69	60	70	54	78.3	90.0	10.56
1954 to date	67	60	70	42	60.9	69.8	(1)

Length of stay of discharged patients excluding deceased

	Calendar year 1952		
	Number of patients	Number of days	Average stay
Total	1,894	(1)	10.5
Tuberculosis			
Obstetric	386	(1)	4.7
Newborn	278	(1)	5.4
All other	1,230	(1)	1.7

Population, July 1, 1952

	Number	Percent
Total enrolled	(1)	
Residing within hospital service area	7,071	(1)

Other hospitals

	Miles	Rated capacity	Utilization	Percent occupancy
Witaker, Pryor	18	2	(1)	(1)
Nowata General, Nowata	42	32	5	15.6
Jane G. Phillips Memorial, Bartlesville	63	90	(2)	(1)
Washington County Memorial, Bartlesville	63	40	94	78.3
Byrne Memorial, Tulsa	27	39	27	69.2
Hillcrest Medical Center, Tulsa	27	45	280	64.4
Mercy, Tulsa	27	40	(1)	(1)
St. Johns, Tulsa	24	45	387	86.0
Salvation Army, Tulsa	27	5	12	48.0
Vinita, Vinita		8	10	55.6
Muskogee General, Muskogee		9	58	61.7
Oklahoma Baptist, Muskogee		8	51	58.0
Wm. W. Hastings, Tahlequah		6	40	62.5

[1] Not available.
[2] New, not available.

Colville Hospital

Hospital use

Date	Rated capacity	Authorized capacity	Available beds	Average daily patient load	Percent of occupancy		Per diem cost
					Rated	Authorized	
Fiscal year 1945	36	(1)	(1)	23	63.9	(1)	(1)
Fiscal year 1946	36	(1)	(1)	16	44.4	(1)	8.39
Fiscal year 1947	36	36	(1)	21	58.3	58.3	9.00
Fiscal year 1948	36	36	(1)	19	52.8	52.8	9.26
Fiscal year 1949	36	20	(1)	17	47.2	85.0	11.65
Fiscal year 1950	36	20	(1)	14	38.9	70.0	14.61
Fiscal year 1951	36	20	(1)	16	44.4	80.0	18.19
Fiscal year 1952	36	20	36	18	50.0	90.0	12.92
Fiscal year 1953	36	25	36	19	52.8	74.4	20.72
1954 to date	36	20	36	13	36.1	63.0	(1)

[1] Not available.

Length of stay of discharged patients excluding deceased

	Calendar year 1952		
	Number of patients	Number of days	Average stay
Total	793	8,861	11.2
Tuberculosis	10	211	21.1
Obstetric	142	996	7.0
Newborn	119	751	6.3
All other	522	6,903	13.2

Indian population, Colville Reservation, July 1, 1952

	Number	Percent
Total enrolled	5,036	
Colville Reservation	3,900	
Spokane Reservation	1,136	
Residing in hospital service area	2,938	58.3
Colville Reservation	2,320	59.5
Spokane Reservation	618	54.4

Other hospitals

	Miles	Rated capacity	Utilization	Percent occupancy
Coulee Dam Community, Coulee Dam	12	20	4	20.0
Okanogan County, Brewster	65	25	23	97.0
St. Martin's, Tonasket	61	45	5	11.1
St. Joseph's, Chewelah	[1] 38	40	33	82.5
Deaconess, Spokane	[1] 60	200	159	79.5
Sacred Heart, Spokane	[1] 60	512	385	75.2
St. Luke's, Spokane	[1] 60	265	161	60.8

[1] Distance from Wellpinit.

Warm Springs Hospital

Hospital use

Date	Rated capacity	Authorized capacity	Available beds	Average daily patient load	Percent of occupancy		Per diem cost
					Rated	Authorized	
Fiscal year 1945	23	(1)	(1)	7	30.4	(1)	(1)
Fiscal year 1946	23	(1)	(1)	8	34.8	(1)	$9.19
Fiscal year 1947	23	23	(1)	10	43.5	43.5	8.95
Fiscal year 1948	23	23	(1)	9	39.1	39.1	12.81
Fiscal year 1949	23	10	(1)	10	43.5	100.0	12.51
Fiscal year 1950	23	10	(1)	9	39.1	90.0	16.00
Fiscal year 1951	23	10	(1)	8	34.8	80.0	20.94
Fiscal year 1952	23	9	22	7	30.4	77.8	20.67
Fiscal year 1953	19	10	24	9	47.4	90.0	21.04
1954 to date	19	10	24	6	31.6	55.0	(1)

Length of stay of discharged patients, excluding deceased

	Calendar year 1952		
	Number of patients	Number of days	Average stay
Total	307	2,432	7.9
Tuberculosis			
Obstetric	49	307	6.3
Newborn	44	217	4.9
All other	214	1,908	8.9

Indian population, Warm Springs Reservation, July 1, 1952

	Number	Percent
Total enrolled	1,105	100.0
Residing in hospital service area	1,069	96.7

Other hospitals

	Miles	Rated capacity	Utilization	Percent of occupancy
Central Oregon District, Redmond	40	54	(2)	(1)
Pioneer Memorial, Prineville	40	(1)	(2)	(1)
St. Charles, Bend	85	93	49	52.7

[1] Not available.
[2] New, not available.

Fort Yuma Hospital

Hospital use

Date	Rated capacity	Authorized capacity	Available beds	Average daily patient load	Percent of occupancy		Per diem cost
					Rated	Authorized	
Fiscal year 1945	28	(1)	(1)	13	46.4	(1)	(1)
Fiscal year 1946	28	(1)	(1)	15	46.4	(1)	$7.17
Fiscal year 1947	28	28	(1)	9	32.1	32.1	11.38
Fiscal year 1948	28	28	(1)	7	25.0	25.0	18.88
Fiscal year 1949	28	10	(1)	8	28.6	80.0	18.15
Fiscal year 1950	28	5	(1)	8	28.6	160.0	18.20
Fiscal year 1951	28	8	(1)	8	28.6	100.0	18.81
Fiscal year 1952	28	8	34	9	32.1	112.5	15.23
Fiscal year 1953	22	8	34	8	28.6	96.3	21.96
1954 to date	22	8	34	6	27.3	76.3	(1)

Length of stay of discharged patients, excluding deceased

	Calendar year 1952		
	Number of patients	Number of days	Average stay
Total	184	1,803	9.8
Tuberculosis	2	2	1.0
Obstetric	29	212	7.3
Newborn	26	124	4.8
All other	127	1,465	11.5

Population, July 1, 1952

	Number	Percent
Total enrolled	(1)	(1)
Residing in hospital service area	700–800	(1)

Other hospitals

	Miles	Rated capacity	Utilization	Percent of occupancy
Yuma County, Yuma, Ariz	4	100	58	58.0
Imperial County, El Centro, Calif	25	88	52	59.1

[1] Not available.

Note.—Commercial ambulance available. 1 hour and 30 minutes to El Centro.

Hoopa Valley Hospital

Hospital use

Date	Rated capacity	Authorized capacity	Available beds	Average daily patient load	Percent of occupancy		Per diem cost
					Rated	Authorized	
Fiscal year 1945	29	(1)	(1)	11	37.9	(1)	(1)
Fiscal year 1946	29	(1)	(1)	11	37.9	(1)	$7.43
Fiscal year 1947	29	29	(1)	14	48.3	48.3	6.55
Fiscal year 1948	29	29	(1)	16	55.2	55.2	7.70
Fiscal year 1949	29	10	(1)	21	72.4	210.0	9.19
Fiscal year 1950	29	15	(1)	14	48.3	93.3	12.69
Fiscal year 1951	29	20	(1)	15	51.7	75.0	13.22
Fiscal year 1952	29	15	29	9	31.0	60.0	22.05
Fiscal year 1953	19	15	29	9	47.4	58.0	30.69
1954 to date	19	10	29	10	52.6	95.0	(1)

[1] Not available.

Length of stay of discharged patients excluding deceased

	Calendar year 1952		
	Number of patients	Number of days	Average stay
Total	395	2,780	7.0
Tuberculosis			
Obstetric	55	306	5.6
Newborn	57	405	7.1
All other	283	2,069	7.3

Population, July 1, 1952

	Number	Percent
Total enrolled	800	
Residing in hospital service area	680	85.0

Other hospitals

	Miles	Rated capacity	Utilization	Percent occupancy
General, Eureka	55	58	72	124.1
Humboldt County Community, Eureka	55	226	179	79.2
St. Joseph's, Eureka	55	72	60	83.3
Trinity, Arcata	50	49	32	65.3

Note.—Commercial ambulance available in Eureka; time of transportation 2½ hours.

DEATH-RATE STATISTICS

Mr. FENTON. What is the tubercular incidence at this time in the Indian Service?

Dr. SHAW. Generally it is at a rate of 140 compared to the white population which this year, I believe it was about 16.

Mr. FENTON. Per what?

Dr. SHAW. Per 100,000. In parts of northwestern Alaska 10 percent of the population has tuberculosis and 1 percent die each year. On the Navaho the death rate from tuberculosis for 1952 was 149.8 compared to the United States death rate of 16.1, or 9.3 times the death rate for the white population; for dysentery it was 13 times; for measles the death rate was 29.5 times; and for gastroenteritis 25 times. All of these are infectious diseases we know how to prevent.

Mr. FENTON. The infectious diseases we know something about are the great killers in those areas.

Dr. SHAW. Yes, sir. We need expansion of the program to get at the cause rather than treat the symptoms, through health education and preventive programs.

Mr. FENTON. The death rate does not seem to go down at all.

Dr. SHAW. Not appreciably. There has been some improvement, particularly during the years since the war, when the populations went off the reservations into the defense plants and by contact with and absorption of some education, particularly the GI's coming back from the Army, we can note some very hopeful signs that can be exploited. I think we can say we know how to control it. It just depends on how much money we are given when we can control it.

DISEASE PREVENTIVE AND CURATIVE SERVICES

Mr. FENTON. In connection with your disease preventive and curative services, how do you follow up your sanitary education program? Do the Indians respond to your advice and recommendations?

Dr. SHAW. I am sorry to report we do not have a health educational program. We have a limited sanitation program which is effective and which requires work with the individual Indian, his family, and the community, such as moving the corral out of the center of the town, piping water into the houses where available. On the Navaho, particularly, there is need for the construction of safe water tanks from which they can draw uncontaminated water rather than dipping it out of the horse troughs and the like.

We have a sanitary engineer in the headquarters office working and planning in this area of responsibility. We have sanitary engineers in Albuquerque, Phoenix, and Window Rock. The program will be to go to the State-community facilities for this type of coverage as rapidly as possible so they would be handled on the same basis as any other citizen of that State.

Mr. FENTON. Are the States cooperating in this program?

Dr. SHAW. Yes, sir. The States, in our opinion, are most willing to do whatever they can. Some of the States have problems, too, of course, in staffing and financing. Both of us cannot expand and go on with this quite as rapidly as we would like.

Mr. FENTON. I cannot understand why, after receiving such fine treatment in the hospitals, particularly tuberculosis cases, after their

discharge from the hospital apparently cured or arrested, they go out to their places of abode and come under the same environment as before they went to the hospital. Is anything being done to improve that environment?

Dr. SHAW. I agree with you, Dr. Fenton, that to ignore that phase is like pouring water down a rathole.

Mr. FENTON. That is absolutely right.

Dr. SHAW. Last year this Congress approved a rehabilitation program for tuberculosis. We are in the process of implementing that at the present time. We have included in the program but have been unable to implement staffing in a number of areas with social workers to bring our direct operations within the hospital in rehabilitation in line with the State program in rehabilitation so that when they leave the hospital they will go directly into the State program. In this manner we will be able to retain and get some dividends from the investment that we have made in medical care.

In addition, we feel that health education in all of our hospitals and clinics and on our reservations has the best possibility of yielding terrific dividends, because even if they may have a different religion and a different approach to medical care, when they bring in a sick child that is the point at which they will listen and you can put over teachings in health you would be unable to otherwise.

I have a group of pictures we took on the Navaho which sets forth the health problems much better than I could put it into words [indicating on photographs].

That is where the Navaho workers live. That is a water barrel. There is excreta all around. This is the better-type home. This is a case of arthritis for which a bed is not available. This is one of the better homes on the reservation. This is a piece of meat from freshly killed sheep lying there. This is the water barrel. Here is the so-called outhouse, just a few feet from the door. Here is the excreta and children crawling around barefoot. This accounts for why the average length of life is less than 20 years.

Mr. KIRWAN. That is something America should be ashamed of.

Mr. JENSEN. Do you remember when we visited the Navaho some years ago they told us some Russians had been there taking pictures. No doubt they took those pictures back to Russia and told them that was the way Americans live.

Dr. SHAW. You asked how we handled a case of tuberculosis once we found it. We do not go out and look for tuberculosis. We do not have facilities to provide for all the cases once we find them. The only cases on the Navaho we take care of are those who come to us when they start spitting up blood or who are so acutely ill they need care.

This is a photograph of the hospital records. You will note, "Bed is not available, you will be notified when one can be obtained."

Even under this type of approach to the problem, as of the 31st of December we had 100 known cases waiting for beds and we were finding an average of 10 new cases a week.

Mr. JENSEN. How many additional beds are provided in the appropriation for 1955?

Dr. SHAW. We have 320 and I believe we get another 150 in the appropriation.

This is the way they are stacked in the wards on the reservation [indicating photograph].

Mr. FENTON. We talk about this every year.

Mr. JENSEN. The only thing we can say is we are making inroads in handling the problems of the Indians, not so fast, but we are making inroads.

Mr. FENTON. Are we? I do not think we are.

Mr. KIRWAN. Doctor Shaw says we are back where we started. We are not making inroads. We are going backward.

Mr. JENSEN. Can we not say honestly, and is it not a fact, that the health condition of the Indians is better and that the hospital facilities we now furnish for the Indians are better than 10 years ago or 5 years ago?

Dr. Shaw. Very definitely.

Mr. JENSEN. I hope we can say that. Otherwise I would feel awfully bad.

Dr. SHAW. We are making progress in view of the fact population is going up 2 percent a year.

Mr. FENTON. We provided the facilities, but what we should be concerned about is the followup of the tuberculosis cases discharged from the hospitals.

I do not believe anything has been done along that line, certainly nothing to an appreciable degree.

Dr. SHAW. With sufficient money to put on a case-finding program we could stop the seeding of the entire population, and teach them health education with health educators working on the reservation and in the hospitals, and follow up with public health nurses, sanitarians, and sanitary engineers to teach them how to stay well and prevent the occurrence of these preventable diseases.

Mr. KIRWAN. Every spring we go through this, but America does not know that. I believe you said the death rate was nine times more for some diseases among the Indians than among the whites. That should be put in a magazine for all doctors' waiting rooms all over the Nation, telling the people what is going on.

Dr. SHAW. I think there is a genuine interest on the part of a great many of Americans to take hold of this problem. The State of Arizona has taken some constructive steps this year.

Mr. KIRWAN. That is among the Indians. In Ohio they know nothing about Indians. The only time they know something about them is when they go on vacations. I was in Berlin in 1937 when 35 young American doctors, educators and the like were there. I asked them to make a report on health. They said just a handful, 10,000 had tuberculosis. I said, "If they continue at that rate they will soon be on a par with America." I told them the death rate from tubercolosis in Alaska. One of them said I did not know what I was talking about. He said, "You are crazy." I said, "I can almost give you their first names. We appropriate for them." He said he never knew that. I will bet you, Doctor, very few in my home town know about it.

Dr. SHAW. The State and county health departments know about it.

Mr. KIRWAN. Yes, they do.

Dr. SHAW. Because an infection like you have on the Navaho is a threat to everybody. If they go in Mr. Emmons' bank they can

spread the germs, and some are going back and forth, north and south, as agricultural workers, and the disease is spread wherever they go and the problem is a threat to all.

Mr. JENSEN. I wish we could educate the American people of that fact.

Mr. FENTON. I do not think it is a case of educating the American people generally. I think it is a case of putting this health program in the hands of somebody who can see it through and do something about it. I have, as you well know, indicated at former hearings that I think if this job were turned over to the public-health people it would be expedited, taken care of.

Mr. JENSEN. I might say, Doctor, that is the exact recommendation that was made by the staff which made investigations and research into the Indian-health problem.

Mr. FENTON. That is right. I have been harping on it for a good many years.

EDUCATIONAL ASSISTANCE, FACILITIES, AND SERVICES

NAVAHO EDUCATIONAL PROGRAM

Mr. JENSEN. Before we leave this subject, would you, Mr. Harper, care to make an additional comment on education?

Mr. HARPER. The other day reference was made to the change in attitude of the Navahos so far as education was concerned. Within the last year the Navaho Tribal Council set aside $30,000 for scholarships for Navaho girls and boys to go to higher institutions of learning. When I think of that I think back of the first superintendent who started a school on the Navaho Reservation in 1871 and was ambushed and almost killed. Today we have a complete change in attitude.

Mr. JENSEN. That is wonderful.

Mr. HARPER. A year ago we had 70 girls and boys in higher institutions. This year, as a result of this fund, we have something like 100.

Mr. JENSEN. And what studies are they majoring in?

Mr. HARPER. Principally in nursing and teaching. Teaching is the big thing. We hope we will get some lawyers and doctors eventually. You must realize the number of high school students is still pathetically small. I looked it up yesterday and I think we have about 750 altogether in high school, including vocational high school. So we must first hit the elementary school situation, get them in elementary school and in high school, and then we can increase the number in professional training. The thing starts at the bottom.

Mr. FENTON. What assurance have you, Doctor, of those people who participate in your scholarship program and high school program remaining with their people after they have received the education?

Mr. HARPER. Well, one of the conditions of getting a grant from the tribe is that they come back to the reservation and help their own people. These scholarship grants are running $800, $900, and $1,000. They are substantial and adequate to cover all the costs of going to school. We have a great many in ordinary academic colleges, particularly Arizona State College, New Mexico University, and other southwestern institutions.

I wanted to give that report because I thought you would be interested in this as evidence of the change in attitude of the Navahos as evidenced through their own tribal council.

Another thing is this: We thought in the Navaho situation we would not make immediate progress in bringing our children into the public schools. I think we have made a surprising start in that direction. This year we have altogether in round figures 2,400 in public schools. We attacked the problem particularly in New Mexico, where there is a great responsiveness on the part of the McKinley County School Board to educate the Navahos. The county this month will float a bond issue to build two new schools. We have turned over to the county two schools, lock, stock and barrel. One is a boarding school in Mexican Springs. I think this is the first case of a boarding school being turned over to a county and it reflects the interest of the people in that particular county in trying to meet the problems of the Navahos. We are now negotiating two additional schools to go to the county.

In Arizona we have money for two Public Law 815 schools, one at Ganado, where the enrollment will be 410 elementary; and the other at Fort Defiance, where the enrollment will be 500 elementary and 60 high school. The reason we can build those public schools on this basis is the fact you gave us money to build Route 3 through the heart of the reservation. Now we can think in terms of daily transportation for going to school. That is a basic consideration in all our programs.

SCHOOL PROGRAM STATISTICS

Mr. JENSEN. That is very understandable, especially in that area, as well as some of the others.

I want you to insert in the record a table showing for all reservations the number of children in school for each of the last 5 years and the amounts appropriated in each year for educational assistance and facilities. While we have tarried a long time on the Navaho Indian problem, we are not forgetting for 1 minute the problems that exist on other reservations. Of course we know that the Navaho Indian problems are the most difficult with which we cope, but there are problems on other reservations. I know that Mr. Emmons has visited most if not all of those reservations and this committee, of course, is greatly interested in the problem that exists on every Indian reservation. We will treat all Indians equitably, we want to and we will, in accordance with their needs, requirements, and the justification for such assistance by their Uncle Sam.

(The material referred to follows:)

Statement on education of Indian children—Enrollment and attendance, all Indian children (including natives in Alaska)

Year	Federal schools		Public schools (receiving Federal aid) [1]		Total Federal and public schools [1]		Appropriated
	Enrollment	Average daily attendance	Enrollment	Average daily attendance	Enrollment	Average daily attendance	
1949	34,774	29,366	24,786	21,377	59,560	50,743	$14,991,160
1950	36,703	31,251	28,294	23,192	64,997	54,443	17,918,679
1951	38,165	32,429	29,221	24,550	67,386	56,979	21,758,722
1952	38,336	32,702	30,146	25,607	68,482	58,309	24,301,197
1953	[2] 37,697	32,912	33,014	26,896	70,711	59,808	26,173,410

[1] These figures do not include those Indian children enrolled in public schools which do not receive Federal aid. In 1953 there were approximately 21,400 Indian children enrolled in public schools, for whom the Bureau of Indian Affairs made no contribution to the cost of education.

Approximately 55 percent of the Indian children in the United States are enrolled in public schools.

[2] 78 percent of the Indian children enrolled in Federal schools are full bloods; many of these children speak only their native language when they enter school.

Vocational education is emphasized in Federal high schools. In 1953, 1 Federal school placed 92 percent of its graduates in skilled trades.

Statement on education of Navaho and Hopi children

Year	Navaho-Hopi Reservation		Navaho-Hopi enrollment in other BIA schools	Public school enrollment	Mission and other schools	Total enrollment in all schools
	Federal school enrollment	Appropriation				
1949	6,325	[1] 2,505,661	([2])	[3] 1,091	[3] 958	([2])
1950	6,456	2,615,026	3,351	1,486	1,251	12,544
1951	6,879	3,501,415	3,836	1,988	1,268	13,971
1952	6,962	3,663,111	4,680	2,091	1,304	15,037
1953	7,046	4,613,895	4,844	2,628	1,375	15,893

[1] Actual obligations.

[2] Not available.

[3] Includes Navaho only. Not available for Hopi children.

WELFARE AND GUIDANCE SERVICE

Mr. JENSEN. Insert page 27 of the justifications in the record at this point.

(The material referred to follows:)

(a) *Welfare*

(1) *Direct relief, general assistance.*—The decrease of $158,720 is due to an estimated reduction in caseload.

The amount of $1,815,000 will provide subsistence items averaging $27.50 per month to an average monthly caseload of 5,500 persons. It is hoped that with employment opportunities made available through relocation of families without resources, particularly from the Aberdeen and Billings areas, and with land transactions for relief clients brought current in the Anadarko area, the general assistance caseload will be reduced to a monthly average of 5,500 persons so that funds will be sufficient to care for the needy Indians unable to provide for themselves or to obtain assistance from local organizations.

Tables A and B below show the average caseloads and expenditures for 1953 and the estimated caseloads and expenditures for 1954 and 1955, shown by months (table A) and by areas (table B).

TABLE A.—*Caseload and expenditure for general assistance by months*

	1953		1954		1955	
	Caseload (persons)	Amount	Caseload (persons)	Amount	Caseload (persons)	Amount
July	4,125	[1] $84,009	4,217	[2] $93,060	3,800	$104,500
August	4,361	89,375	4,259	95,081	3,800	104,500
September	4,449	93,967	4,212	97,245	3,800	104,500
October	4,638	100,879	3,648	86,817	3,800	104,500
November	4,695	102,197	4,500	123,750	3,800	104,500
December	6,325	130,518	6,000	165,000	5,500	151,250
January	8,653	155,212	8,000	240,000	7,500	206,250
February	11,761	198,326	10,800	325,525	9,000	247,500
March	11,118	182,029	10,800	325,525	9,000	247,500
April	8,915	138,059	8,300	228,250	7,500	206,250
May	6,299	116,556	6,000	165,000	5,500	151,250
June	4,647	97,014	4,350	119,625	3,000	82,500
Total	79,986	[3] 1,488,141	75,086	2,064,878	66,000	1,815,000
		[4] −82,886		[5] −91,158		
		1,405,255		1,973,720		1,815,000
Monthly average	6,665	18.61	6,257	27.50	5,500	27.50

[1] Includes $82,886 for 4,053 persons who received July allowance in June 1952.
[2] Includes $91,158 for 4,059 persons who received July allowance in June 1953.
[3] In addition by contract with the State of Wisconsin, $11,000 was expended to supplement general assistance to Indians in Wisconsin.
[4] 1952 funds.
[5] 1953 funds.

Mr. JENSEN. This table shows decreases in the number of welfare cases. What is the principal reason for this decrease?

Miss GIFFORD. There are two reasons. One is that our load has diminished somewhat, partly because of the good employment situation, and partly because of our careful screening of eligibility for assistance, and by that I mean being sure that persons who are temporarily unemployed have exhausted their unemployment benefits and that sort of thing before they are eligible for assistance from us.

Mr. JENSEN. Going back to the table which I asked you to insert in the record, showing the number of children in schools for the last 5 years, I presume you would, without my asking, give us a separate record showing the things I have requested for the Navaho Indians, that being the greatest problem which confronts us so far as the Indian problems are concerned.

Mr. GREENWOOD. Yes, sir.

PLACEMENT AND RELOCATION SERVICES

Mr. JENSEN. How many relocations have been made with the $579,600 allowed for the placement program this year?

Mr. GREENWOOD. About 3,000 permanent relocations were made in 1953 in which our staff participated. About 1,400 required financial aid from us by way of help in getting to their new jobs.

Mr. JENSEN. How many of those 3,000 are still at those places where they were relocated?

Mr. GREENWOOD. Our experience has been that about 30 percent return. As to the 3,000, I do not think we have figures, but that has been our experience, that about, 30 percent return.

Mr. JENSEN. Will you furnish a table for the record showing where most of these people are now located?

Mr. GREENWOOD. Yes; we can furnish you a statement.

Mr. JENSEN. And possibly the type of work they are doing and who their employers are.

Mr. GREENWOOD. We will not be able to give it in every case, but we can give you a general idea.

Mr. JENSEN. I think the committee would like to know more about this relocation program because it is important, and we, of course, would like to have any additional comments you would like to make when you furnish your statement.

Mr. GREENWOOD. Very good. We will do so. We feel it has been a very successful program, especially in the light of the limited resources.

(The material referred to follows:)

Destination of Indians relocated under placement and relocation financial assistance program, fiscal year 1953

Destination	Number persons relocated
Chicago field office (industrial area)	525
Denver field office (Colorado)	[1] 93
Los Angeles field office (industrial area)	360
Salt Lake City field office (Utah and Idaho)	[1] 49
Total relocations through field offices	1,027
Arizona	15
California (other than Los Angeles industrial area)	12
Iowa	1
Kansas	36
Wichita	32
All other	4
Minnesota	71
Minneapolis	46
All other	25
Missouri	1
Montana	1
Nebraska	24
New Mexico	2
North Dakota	5
Oklahoma	56
Oklahoma City	18
All other	38
South Dakota	33
Texas	71
Dallas	44
Fort Worth	14
All other	13
Washington	3
Wisconsin	82
Milwaukee	49
All other	33
Total relocations other than through field offices	413
Total relocations	[2] 1,440

[1] A considerable additional number of Navahos have been relocated permanently to Utah and to Colorado without requiring use of placement financial assistance.

[2] Represents 377 unattached persons and approximately 300 families including 1,063 persons.

Permanent [1] placements in which placement and relocation offices have participated,[2] fiscal year 1953

Industry	*Number permanent placements*
Agriculture	260
Forestry and fishing	70
Mining	242
Contract construction	224
Manufacturing	818
Railroads	253
Other public utilities	49
Wholesale and retail trade	117
Finance, insurance, real estate	15
Service excluding private households	220
Private households	206
Regular Government establishments	289
Special Government projects	209
Establishments not elsewhere classified	33
Total	[3] 3,005

[1] Permanent placements are those to jobs generally considered to be of indefinite duration, not seasonal, and not known in advance to be of less than 12 months' duration.

[2] Only those placements in which placement and relocation offices have participated are listed. These include placements resulting from: (1) referrals made by the placement and relocation office to employers; (2) referrals made to the State employment service or other employment agency for work which is known to be available either as individual jobs or as general labor shortages.

[3] Estimated conservatively to represent 2,600 to 2,700 individual workers, allowing for those placed more than once.

SAMPLE OF MAJOR EMPLOYERS IN CHICAGO, ILL., AND LOS ANGELES, CALIF., WITH EACH OF WHOM SEVERAL OR MORE INDIAN WORKERS HAVE BEEN PLACED

CHICAGO, ILL.

International Harvester Co.
Montgomery Ward and Co.
Stewart-Warner Corp.
Joseph T. Ryerson & Sons
Butler Bros.
Carson, Pirie, Scott & Co.
Ford Aircraft Engineering Co.
Curtis Candy Co.
Palmer House Hotel.
Admiral Corp.
Commonwealth Edison Co.
Illinois Bell Telephone Co.

LOS ANGELES, CALIF. [1]

North American Aviation, Inc.
Lockheed Aircraft Corp.
Douglas Aircraft Co., Inc.
Airresearch Manufacturing Co.
General Pacific Manufacturing Corp.
Swim-Wear, Inc.(garment manufacturing).
Pioneer Flintkote Co.

PERSONAL SERVICES

Mr. JENSEN. The personal services table on page 33 of the justifications will be inserted in the record at this point.

(The material referred to follows:)

[1] During fiscal year 1953, placement was concentrated in the aircraft industry in the Los Angeles area. During the past 6 months, emphasis has been placed on using a wider variety of employers including, in addition to those listed above, Sears, Roebuck & Co., May Department Stores, Ohrbach Department Store, Bullocks Department Store, Security-First National Bank, Biltmore Hotel, and others.

	Estimate, 1954	Estimate, 1955	Increase (+) or decrease (−)
01 Personal services:			
Permanent positions	$28,109,503	$28,757,220	+$647,717
Other positions	790,781	792,800	+2,019
Regular pay in excess of 52-week base	108,026	109,080	+1,054
Payment above basic rates	1,442,335	1,495,691	+53,356
Other payments for personal services	119,200	119,200	
Total personal services	30,569,845	31,273,991	+704,146

Mr. JENSEN. What are the reasons for the large amount requested for salaries in addition to the amount shown for regular permanent positions?

Mr. GREENWOOD. I presume you are referring to the item "Payment above basic rates"?

Mr. JENSEN. That is right.

Mr. GREENWOOD. That represents the differential paid to employees in Alaska, and overtime pay for hospital employees.

Mr. JENSEN. Entirely?

Mr. GREENWOOD. Yes, sir. I beg your pardon. There would be some overtime in there, but primarily that would be the differential paid to Alaskan employees.

Mr. JENSEN. Your justifications list "Other positions," $792,800.

Mr. GREENWOOD. Yes. Those are the intermittent or part-time positions. Just above that item you will notice the permanent positions, which are the full-time annual positions, and the other positions are the intermittent positions.

Mr. JENSEN. What is the need for temporary positions? Where are they employed?

Mr. GREENWOOD. Some are bus drivers and cooks at the day schools who are employed only when needed. Some are seasonal employees for school farms. Others would be attendants, nurses, and sometimes physicians who are available only for temporary employment and who are employed so because of shortages in the permanent staff.

Mr. JENSEN. How many Indians are employed in permanent positions?

Mr. GREENWOOD. In permanent employment I think the percentage is 55 percent Indian.

Mr. JENSEN. That is commendable. And the same holds true of temporary positions?

Mr. GREENWOOD. Yes. I would say the percentage would run even higher in those positions, particularly in the construction and maintenance fields.

Mr. JENSEN. I note the total number of permanent positions in 1953 was 7,995; in 1954, this fiscal year, 8,441; and for 1955 you are asking for 8,464 under the health and educational program.

Mr. GREENWOOD. That increase is due largely to the opening of new facilities such as the new Anchorage Hospital and Bethel Hospital and new schools on the Navaho Reservation.

Resources Management

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$13,253,760	$13,253,760	$13,092,910
Prior year balance available	47,794	2,465	
Reimbursements from non-Federal sources	16,594	13,500	25,925
Reimbursements from other accounts	6,464	11,500	
Total available for obligation	13,324,612	13,281,225	13,118,835
Balance available in subsequent year	−2,465		
Unobligated balance, estimated savings	−261,343	−50,000	
Obligations incurred	13,060,804	13,231,225	13,118,835
Comparative transfer to—"Salaries and expenses, Agricultural Research Service"	−55,868	−62,000	
Comparative transfer from "Construction and rehabilitation, Bureau of Reclamation"	280,742	254,453	
Total obligations	13,285,678	13,423,678	13,118,835

Note.—Reimbursements from non-Federal sources above are from the proceeds of sale of personal property (40 U. S. C. 481 (c)).

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
Direct Obligations			
Appropriated funds:			
1. Forest and rangelands	$2,203,188	$2,178,584	$2,085,000
2. Fire suppression	112,028	140,000	140,000
3. Agricultural and industrial assistance	1,993,620	2,031,435	1,798,900
4. Soil and moisture conservation	2,372,967	2,671,672	2,545,000
5. Operation, repair, and maintenance of Indian irrigation systems	845,121	854,000	814,500
6. Repair and maintenance of roads and trails	2,246,354	2,020,000	2,270,000
7. Development of Indian arts and crafts	44,219	44,513	44,510
8. Management of Indian trust property	1,319,816	1,346,100	1,545,000
9. Repair and maintenance of buildings and utilities	1,832,510	1,862,374	1,850,000
10. Weed control	291,593	250,000	
Total obligations from appropriated funds	13,261,416	13,398,678	13,092,910
Reimbursements from non-Federal sources:			
11. Replacement of personal property sold	16,594	13,500	25,925
Total direct obligations	13,278,010	13,412,178	13,118,835
Obligations Payable Out of Reimbursements From Other Accounts			
1. Forest and rangelands	1,513	5,000	
3. Agricultural and industrial assistance	1,204		
6. Repair and maintenance of roads and trails	3,945	5,500	
9. Repair and maintenance of buildings and utilities	1,006	1,000	
Total obligations payable out of reimbursements from other accounts	7,668	11,500	
Total obligations	13,285,678	13,423,678	13,118,835

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
BUREAU OF INDIAN AFFAIRS			
Total number of permanent positions	1,750	1,727	1,754
Full-time equivalent of all other positions	465	442	447
Average number of all employees	2,015	2,101	2,119
Average salaries and grades:			
General schedule grades:			
Average salary	$4,492	$4,570	$4,601
Average grade	GS–6.6	GS–6.7	GS–6.7
Crafts, protective, and custodial grades:			
Average salary	$3,911	$4,017	$4,064
Average grade	CPC–7.2	CPC–7.4	CPC–7.4
Direct Obligations			
Appropriated funds:			
01 Personal services:			
Permanent positions	$6,697,829	$7,332,567	$7,471,343
Other positions	1,351,188	1,378,612	1,397,235
Regular pay in excess of 52-week base	25,746	28,187	28,752
Payment above basic rates	56,885	53,113	53,866
Total personal services	8,131,648	8,792,479	8,951,196
02 Travel	341,377	375,674	381,774
03 Transportation of things	75,164	78,543	80,043
04 Communication services	83,728	104,893	108,359
05 Rents and utility services	194,897	197,076	195,476
06 Printing and reproduction	6,245	8,511	7,411
07 Other contractual services	2,002,152	1,020,801	788,587
08 Supplies and materials	1,633,672	2,031,046	2,011,504
09 Equipment	751,601	694,447	621,275
10 Lands and structures	181,036	317,500	230,500
11 Grants, subsidies, and contributions	32,422	52,000	10,000
12 Pensions, annuities, and insurance claims	7,500	----	----
13 Refunds, awards, and indemnities	700	----	----
15 Taxes and assessments	15,565	22,430	22,110
Subtotal	13,457,707	13,695,400	13,408,235
Deduct charges for quarters and subsistence	261,230	316,722	315,325
Total obligations from appropriated funds	13,196,477	13,378,678	13,092,910
Reimbursements from non-Federal sources:			
09 Equipment	16,594	13,500	25,925
Total direct obligations	13,213,071	13,392,178	13,118,835
Obligations Payable Out of Reimbursements From Other Accounts			
07 Other contractual services	5,147	7,500	----
08 Supplies and materials	2,521	4,000	----
Total obligations payable out of reimbursements from other accounts	7,668	11,500	----
Total obligations	13,220,739	13,403,678	13,118,835
ALLOCATION TO GEOLOGICAL SURVEY			
Total number of permanent positions	10	4	----
Full-time equivalent of all other positions	1	----	----
Average number of all employees	11	4	----
Average salaries and grades:			
General schedule grades:			
Average salary	$4,553	$4,578	----
Average grade	GS–6.8	GS–6.8	----
Direct Obligations, Appropriated Funds			
01 Personal services:			
Permanent positions	$44,021	$16,500	----
Other positions	2,252	400	----
Regular pay in excess of 52-week base	174	100	----
Payment above basic rates	68	----	----
Total personal services	46,515	17,000	----
02 Travel	6,627	1,500	----
03 Transportation of things	1,088	300	----
04 Communication services	400	----	----
05 Rents and utility services	663	----	----
06 Printing and reproduction	265	----	----
07 Other contractual services	1,010	300	----
Services performed by other agencies	39	----	----

Obligations by objects—Continued

Object classification	1953 actual	1954 estimate	1955 estimate
ALLOCATION TO GEOLOGICAL SURVEY—continued			
Direct Obligations, Appropriated Funds—Continued			
08 Supplies and materials	$5,830	$600	
09 Equipment	2,244	300	
15 Taxes and assessments	258		
Total obligations	64,939	20,000	
SUMMARY			
Total number of permanent positions	1,700	1,731	$1,754
Full-time equivalent of all other positions	466	442	447
Average number of all employees	2,026	2,105	2,119
Average salaries and grades:			
General schedule grades:			
Average salary	$4,492	$4,570	$4,601
Average grade	GS–6.6	GS–6.7	GS–6.7
Crafts, protective, and custodial grades:			
Average salary	$3,911	$4,017	$4,064
Average grade	CPC–7.2	CPC–7.4	CPC–7.4
Direct Obligations			
Appropriated funds:			
01 Personal services:			
Permanent positions	$6,741,850	$7,349,067	$7,471,343
Other positions	1,353,440	1,379,012	1,397,235
Regular pay in excess of 52-week base	25,920	28,287	28,752
Payment above basic rates	56,953	53,113	53,866
Total personal services	8,178,163	8,809,479	8,951,196
02 Travel	348,004	377,174	381,774
03 Transportation of things	76,252	78,843	80,043
04 Communication services	84,128	104,893	108,350
05 Rents and utility services	195,560	197,076	195,476
06 Printing and reproduction	6,510	8,511	7,411
07 Other contractual services	2,003,162	1,021,101	788,587
Services performed by other agencies	39		
08 Supplies and materials	1,639,502	2,031,646	2,011,504
09 Equipment	753,845	694,747	621,275
10 Lands and structures	181,036	317,500	230,500
11 Grants, subsidies, and contributions	32,422	52,000	10,000
12 Pensions, annuities, and insurance claims	7,500		
13 Refunds, awards, and indemnities	700		
15 Taxes and assessments	15,823	22,430	22,110
Subtotal	13,522,646	13,715,400	13,408,235
Deduct charges for quarters and subsistence	261,230	316,722	315,325
Total obligations from appropriated funds	13,261,416	13,398,678	13,092,910
Reimbursements from non-Federal sources:			
09 Equipment	16,594	13,500	25,925
Total direct obligations	13,278,010	13,412,178	13,118,835
Obligations Payable Out of Reimbursements From Other Accounts			
07 Other contractual services	5,147	7,500	
08 Supplies and materials	2,521	4,000	
Total obligations payable out of reimbursements from other accounts	7,668	11,500	
Total obligations	13,285,678	13,423,678	13,118,835

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year	$2,124,886	$2,173,096	$2,232,321
Obligations incurred during the year	13,060,804	13,231,225	13,118,835
	15,185,690	15,404,321	15,351,156
Deduct:			
Adjustment in obligations of prior years	149,492		
Reimbursements	23,058	25,000	25,925
Unliquidated obligations, end of year	2,173,096	2,232,321	2,325,231
Total expenditures	12,840,044	13,147,000	13,000,000
Expenditures are distributed as follows:			
Out of current authorizations	10,817,358	11,147,000	10,900,000
Out of prior authorizations	2,022,686	2,000,000	2,100,000

Mr. JENSEN. Now we come to resources management. We shall next hear from Mr. Utz, Assistant Commissioner of Resources for the Department. Mr. Utz, do you have a statement to make at this time?

Mr. UTZ. I do not have a prepared statement, sir.

Mr. JENSEN. We appropriated for fiscal year 1954, $13,253,760, and you request for fiscal year 1955 $13,092,910, a decrease of $160,850. Would you care at this time to make a general statement on resources management in the Indian Service?

Mr. UTZ. Yes, I would, Mr. Chairman.

GENERAL STATEMENT

There are only two items in the resources management program for this year on which there are increases provided, and there are a number of items on which decreases are provided.

In forest and range lands the amount of decrease is $91,119 this year. That is made up almost entirely in the water-development program on the Navaho, Papago, and Pueblos. That program, as you know, has been under way for a number of years. On the Pueblos it is primarily domestic water with some stock water; on the Navaho it is primarily a stock-water program; and on the Papago it is a water-development program. We have had to cut those back to some extent for this coming year. We feel that program is moving ahead in good shape. On the Navaho Reservation the tribal council has put up $250,000 of tribal money for carrying on the water-development program.

One of our problems in connection with forest and range management, particularly forest management, is the limited amount of money we have in making timber sales as rapidly as the Indians would like to have us make them. There is a deduction of 10 percent made from these sales that goes back to the Treasury. That amounted to $650,000 this past year.

Mr. JENSEN. That goes into the Treasury of the United States?

Mr. UTZ. Yes. We are going ahead as rapidly as we can in making sales, but the Indians are not satisfied that we are moving fast enough. We are attempting to work out on a number of reservations a program whereby the tribe will put up a portion of the money for the sales and they would in turn get a portion of that 10 percent.

On our range work we are moving ahead in pretty good shape. There have been substantial increases in our prices.

AGRICULTURAL AND INDUSTRIAL ASSISTANCE

In "Agricultural and industrial assistance," there is a deduction of $133,082 from last year. That deduction comes from a deduction in the grant money for the Navaho program. You will recall we had a program for giving grants to new enterprises on the Navaho over the last several years. There is no money provided for that this year because a number of those enterprises are well established.

EXTENSION PROGRAM

The extension program is now under consideration for transfer over to the Department of Agriculture, and we, of course, will not be in a position to do that until some time next year in the event it is possible.

SOIL AND MOISTURE CONSERVATION

Mr. JENSEN. When we recessed for lunch we were discussing resources management, and were ready to discuss the item of "Soil and moisture conservation." We are glad to see our old friend, Mr. Flory, here, who has been in charge of the soil and moisture program for the Indian Service for quite some time. Before I ask Mr. Flory some questions, would you, Mr. Secretary, like to comment on the soil and moisture request? In see you are requesting $2,545,000, which is $126,672 less than was appropriated for fiscal 1954.

Mr. LEWIS. No; no particular remarks. I have tried to keep track of what has been going on, but I do not have anything in particular to add unless you have something you want to ask me.

Mr. JENSEN. We will see as we go along. Mr. Utz, would you like to proceed?

Mr. UTZ. I would like to make a few comments. As you know, our soil- and moisture-conservation work has been going on a comparatively few years as compared to most of the other programs in the Bureau of Indian Affairs, and I think the results obtained from 2 or 3 pints of view are quite worthwhile. No. 1 is that we have had very excellent cooperation on the part of the Indians themselves. This is one of the programs where we have not been doing work with Federal funds, unless the Indians were making a contribution themselves. In other words, they are partners in working out the plans all the way through.

Another thing is, that over a period of years they have been able to bring the Indians into the picture in participating in the PMA program, which is the Department of Agriculture program in which they make payments for certain conservation practices and for putting in certain facilities. In those two respects I think this program has been quite outstanding. At the present time about 47 percent of all of the reservation lands are included in soil-conservation districts that are established under State law. Out of all those lands that are in soil-conservation districts, in about 95 percent of them cooperative agreements have been worked out between the soil- and moisture-conservation program of the Bureau of Indian Affairs and the districts. So the kind of a program being developed on Indian lands is the same kind of a program that is being developed on the non-Indian lands.

In that respect, as we complete our part of the program, the Indians will be in a position to move right in with the regular soil-conservation district work. In fact, in a number of places Indians are directors in the soil-conservation districts.

Mr. JENSEN. Commissioners they are called?

Mr. UTZ. They are commissioners in some States; in others they are called directors, and still in other States they are called supervisors, according to State law. To date there has been about 27.5 cents per acre of Federal funds under this program spent on Indian lands, counting the whole 56 million acres, and about $1.225 cents of cooperator funds. So the ratio of Federal funds to cooperator funds is very, very favorable in this program.

Possibly Mr. Flory may have some additional comments he would like to make, unless you have some questions at this point.

LAND ACTIVITIES

Mr. JENSEN. I have a chart before me headed "Major land activities," where you list 13 exchanges, processing partitions and effective purchases. What does this pertain to particularly?

Mr. UTZ. This pertains to the branch in the Bureau of Indian Affairs that handles all of the work in connection with land transactions; leasing other than on range land; all of the exchanges, the fee patents, the supervised sales, and a major part of the appraisal work on lands. As you know, in the last few years there has been a very tremendous increase in the requests on the part of Indians for fee patents and for supervised sales. There have been enormous increases in the number of discoveries of oil and other minerals on Indian lands. It is this branch that has the responsibility for handling the above items, together with the probate work.

We are bringing this particularly to your attention today because of the tremendous backlog that we have in the landwork. I have a table here as of June 30, 1953, and at that time we had over 13,000 individual cases that were on hand either in agencies, in area offices, or in the Washington office on which we had not been able to take any action. We had 771 requests for fee patents, for example, on which we had not been able to take action. We had 4,436 requests for supervised sales that we had not been able to accomplish.

Mr. JENSEN. In order to save time, I would ask that you put those statistics in the record and elaborate on them as you see fit.

Mr. UTZ. All right, sir, I will be glad to do that.

(The material referred to follows:)

Summary of land work completed, backlog and incoming cases, 1953

	Work completed, fiscal year 1953	Backlog, June 30, 1953	Incoming cases, fiscal year 1953
Patents in fee	1,004	771	622
Sales	3,401	4,436	4,394
Exchanges	219	883	509
Removal of restrictions	667	166	769
Rights-of-way	484	383	491
Probate (land-phase only)	1,848	3,431	2,348
Acquisitions	184	46	181
Leases (agricultural and business)	16,020	3,716	11,871
Total	23,827	13,832	21,275

NOTE.—Funds for this work are included in the "Resources management" appropriation under the activity "Management of Indian trust property." The requested increase of $198,900 would not provide enough staff to overcome this backlog completely, but it will enable us to make some improvement. The backlog of June 30, 1953, was approximately equal to 1 full year's work for the present land staff.

Mr. BUDGE. It is true, is it not, that each one of these items to which you are now referring is handled first by the agency, then by the area office, and in most instances also by the Washington office?

Mr. UTZ. No. A good many of these items are—for example, such things as leases—handled entirely at the agency. A comparatively few of them, for example patents in fees and sales are recommended at the reservation and approved in the area offices. They do not come in here unless there are questions or appeals or something of that kind. The formal request for a patent in fee comes into the Washington office for transmittal to the Bureau of Land Management.

Mr. BUDGE. You do not issue patents other than in Washington, do you?

Mr. UTZ. No. The patents in fee all come in here. But the approval as to whether or not a patent in fee is to be issued, unless there is an appeal, is handled at the area level. Patent-in-fee actions come through the Washington office for recording before they go to the Bureau of Land Management for issuance of the patent in fee.

Mr. LEWIS. May I make a comment at this point, Mr. Budge? I noticed when I first got here that there were quite a number of those coming up and having to go through each one of the steps that you mentioned. That was particularly noticeable in the Williston Basin area where there was a lot of conflict at the time. As the result of it, I had quite a number of debates with people in the Indian Bureau as to what the proper policy should be. Out of that, Mr. Greenwood brought Mr. Fickinger, the area director, in. He and I had a long talk about the situation there, and out of that I advised him what the policy was, which was actually in the nature of an agreement between the two of us and Mr. Greenwood as to what a sound policy would be.

Since 2 or 3 months after the establishment of that policy, things stopped coming into Washington. In other words, we understood each other. So the area office and the agency office ruled as they knew Washington would rule, and these howls begin to come up by way of telegrams and calls through Congressmen and by way of just orderly appeals—but more often the other way. Then when they realized that it was an established policy, we no longer had any trouble because nobody kept driving them to the top. I think a great deal of the difficulty in the past has been some degree of vacillation that has meant that there is always a chance the higher you

go. I know in that particular area—I do not recall in others because we have not had the same degree of difficulty—that the cases that have come to my desk are not only few and far between, but I do not recall any cases coming to my desk in the last several months.

Mr. BUDGE. Mr. Chairman, this committee has spent quite a little time discussing these regional and area offices that the Department of the Interior, in my judgment, has just gone crazy on. I am glad to have the Secretary's statement that maybe the regional offices and area offices are going to perform some function. As a practicing attorney in the West for a number of years, I have been quite cognizant of the procedure and the proper material. I know something about it. In my judgment these area offices and regional offices have been just a waste of time and actually an aggravation to the people who have to deal with them. I hope that they are going to serve a certain purpose. I sincerely hope so. They never have in the past.

Mr. KIRWAN. I just want to say this. I want to make a request of Mr. Emmons to visit as many Indian reservations as possible between now and when he comes back again and have a report written of what you discover as to the health habits and also some good recommendations. I think you should get over the ground and visit as many of them as you can. These statistics are alarming when they go out to the public, and they are going out this year—nine more of the red race dying than the white race from something we can control. It is not like polio that we are experimenting with, or cancer. But as Dr. Shaw said this morning, it is tuberculosis and measles and the likes of that.

We know we can cure that. Nevertheless, just look at the terrific toll it is taking. So there is something lacking along the way. I would be well pleased, as one member of the committee, if you can do that.

Mr. JENSEN. I do not know whether Mr. Kirwan was here the other day when you stated that you had visited most all the reservations.

Mr. EMMONS. On this tour I took I did come in contact with representatives, I think, of most of the tribes of the country.

Mr. KIRWAN. I am glad to hear that.

Mr. EMMONS. Sometimes our meetings were in one central spot, you see; but we did hear their grievances pretty generally. I have stated before in some places we found conditions that you would have to describe as more or less rural slums, and I think we have got to hit that and have got to hit it hard.

PROBLEMS OF PROBATE AND LAND WORK

May I take just a moment in going back to this probate and land work. Mr. Utz did mention that we had about 13,000 backlog cases, and that thing has been hounding us every year. Naturally there are more cases every year. I think that we have got to cut the brush out to reach the forest. I think it would be economy for us if we could concentrate on that and try to wipe it out just as quickly as we possibly can, and then we can possibly sit on top of the heap. I think the major thing is to knock that backlog out. I realize that recruitment would be a problem. Those people would be brought

in to do temporary work, of course. It would take a little time to train them.

But, gentlemen, I think we ought to try to hit it. In a year's time after we got started on it we should have it completed. I do not think it is economy to hold that up at all. Am I right on that?

Mr. UTZ. I think that is right.

Mr. EMMONS. If we can once get that backlog wiped out—it is like compound interest. Eventually it is going to cost us an awful lot of money. The additional appropriation that we have this year is going to help out some. I dare say we are going to need just about the same man-hours for 1 year for this backlog job as we have on the present staff. Do you think so, Mr. Greenwood?

Mr. GREENWOOD. About twice the present staff would be necessary to clean up the present backlog.

Mr. KIRWAN. I think Dr. Shaw this morning presented one of the best and clearest pieces of testimony that I have heard since I have been on this committee.

Mr. JENSEN. I felt the same way.

Mr. KIRWAN. Dr. Shaw said this condition was not only on the reservation, but when they go into a bank they sprinkle those tuberculosis germs all over everybody. Ten percent have it. Something has to be done. You cannot just come in here with the same budget this year like last year. It is nice to see a $2 million increase that is going to do some good. But if it is necessary to have $50 million in there, we have got to wipe it out or it will be with us until the end of time.

Mr. JENSEN. You were speaking, Mr. Commissioner, not only on the health problem but on the broad problem also as it affects——

Mr. EMMONS. Primarily what I was speaking of was probate work.

Mr. JENSEN. You feel likewise that we must hit this health and education problem hard, as Mr. Kirwan has just indicated?

Mr. EMMONS. Yes, sir; I do.

Mr. LEWIS. If I may comment at that point, the thing that impressed me about the Indian Affairs—as is true, I suppose, of any newcomer to the Bureau, but it is noticeable here—there are so many backlogs. We have spoken of health as being a backlog. That there is a backlog there, there is no doubt; and in probate and a number of these others. The thing that impresses me about it is the interest that I have in the policy that the Secretary has already announced of looking to the day when the Indians and the Government do not have to lean on each other's shoulders all the time. We can do that in quite an effective piecemeal way if they are healthy on the one hand and if, when they ask for a fee patent to their land and are entitled to it, they get it instead of having to wait 2 or 3 years and possibly changing their minds or dying off in the meantime; that when land gets into a probate status it gets cleared up fast enough so that somebody can make some use of it instead of pointing out something and saying they own one one-hundred-and-fifty-millionths of an interest in it.

The whole thing is a backlog problem, and I like the approach that has been taken for hitting that backlog instead of just going on and letting it drag behind them. Of course it is always an appropriations problem. We recognize that.

Mr. JENSEN. Mr. Flory, you are the man in the Bureau who is, I think, most responsible for the soil and moisture conservation of our Indian lands. At least you are the fellow who is closer to it than anyone else in the Bureau. You are the man who must see to it that this money is spent wisely and effectively for the conservation of our Indian lands. Do you have a statement that you would like to make at this time, an overall statement telling us what has been accomplished up to date and what you feel can be accomplished with the $2,545,000 requested for 1955?

Mr. FLORY. Mr. Chairman, first of all, in spite of the progress we have made, the job is so immense that we have only got about 12 percent, or one-eighth, of it done.

Mr. JENSEN. Twelve percent of soil and moisture conservation on Indian lands has progressed to the point where the Indians can carry on from here on their lands?

Mr. FLORY. That is right. As I told you before, the response of the Indians has been a source of great satisfaction to us all through the program. After all, the Indians live pretty close to nature, and if you can point out to him some of the things that are happening, then he realizes it and is willing and anxious to do something about it as far as his means will enable him to.

Mr. JENSEN. What he needs is technical assistance, someone to show him how to do it.

Mr. FLORY. That has been particularly evidenced on the Navaho Reservation. Those people do not have too much means, but they have gone in on several projects there. Whole groups of families have come in and all of them have worked on their programs until they got them completed, until they got the job done. Mr. Carmody and I went over one of those when we were out last year. They had just completed it. Those people put the equivalent on that project of about $14,000 worth of labor.

Mr. JENSEN. How many acres were there in that project?

Mr. FLORY. Altogether there would be about 3,000 acres of flooded land, and that is flooded practically every year, and probably maybe a thousand acres more.

Mr. JENSEN. That is the water spreading program?

Mr. FLORY. That is the water spreading program. They will have two water tanks in addition to that.

Mr. JENSEN. That is underground water tanks?

Mr. FLORY. Dug-outs.

Mr. JENSEN. Where they impound the water?

Mr. FLORY. Yes. Then their fields and highways have been protected by damming and diversion of that water from going on down below. We have measured as much as 70 percent by weight of sediment carried in that stream and similar ones, and that is being kept at home where it is productive and spread out over those flats. About 300,000 acres of land have already been done on the Navaho, and it has made a remarkable difference in the production out there because that water was all lost before. It has been taken out of those deep arroyos where it was past any use and where it carried down heavy loads of sediment down to the lower Colorado and the San Juan Rivers. That water has been put to work.

Mr. JENSEN. How many Indians are now practicing soil conservation as recommended by your Department and by the Soil Conservation Service?

Mr. FLORY. I could not say how many Indians, but we have practiced on 12,000 different farm and range units.

Mr. JENSEN. You have given 12,000 farm units a soil-conservation program and technical assistance, and also dollar assistance from the Soil Conservation Service payments?

Mr. FLORY. That is right.

Mr. JENSEN. At least we are making some headway.

Mr. FLORY. Yes, we are. We have a few places where agriculture has just been completely transformed. For instance, the Winnebago Indians right west of your district. When I was out there last year the brother of the chairman of the tribal council had been away from the reservation for 5 years and came back for a 3- or 4-day visit. He happened to be back there at the same time I was there and we went out together one Sunday driving around over the reservation.

One of the first remarks his brother made was, "What has happened to this country? I noticed it when I was coming in yesterday." The chairman said, "Well, I had not thought too much about that, but the only difference is that soil conservation is being practiced on this land." We were held up in Omaha and could not get out until about a day late. There had been a 4-inch rain before that time. On quite a bit of the deeded land where the cultivation is straight up and down the hill, the road was covered up with sediment where it had washed out between the corn rows. There was not a single Indian farm that we went by where there had been any water run out of the cornfield over the roads.

The average corn yield there was about 18 bushels to the acre when they started; it has now gone up to 45 as a result of 50 percent of the Winnebago cultivated land being in sweet clover. I do not think that can be beat anywhere in the United States. We found, however, after about 8 years of that program that the rotation and the soil-improving crops has not been quite enough, and now we are starting in to terracing. That land is so steep that we hesitated to terrace it, but with the terrace and contour cultivation we have been able to increase that to 60 bushels. The first practices did not quite do the job. They did not quite keep all the moisture there. It did not quite keep all the soil in place. But now they have gotten to the place with soil cultivation and terracing where they are quite all there. The income on the Yakima Reservation last year was raised $1 million as a result of soil-conservation work.

Mr. JENSEN. What percent is that over 5 years ago?

Mr. FLORY. On the lands that we have worked, it is between 35 and 40 percent increase. Here is an article in Northwestern Agriculture about Yakima. You might be interested in reading it. It gives an estimate of that. On the Northern Idaho, the yield there has been increased an average of 15 bushels per acre. The increased yield there has been enough to pay for our entire appropriation on that one reservation.

Mr. JENSEN. The cases which you cite are not unusual.

Mr. FLORY. No; where we have been long enough for them to get into 5 or 6 years. There are some big increases that take place in many cases in a year or two. But on an overall basis, after 5 or 6 years we can point to many instances of that kind.

Mr. JENSEN. And the same results could be accomplished on a great portion of the Indian lands if the necessary funds were appropriated not in 1 year, of course, but over many, many years to come. It is a continuing problem, but the Indians are just as anxious to conserve their soil as the white man; are they not?

Mr. FLORY. From my experience in working with the Soil Conservation Service and with the Indians, in spite of what we say about the Indians being indolent and that sort of thing, I find the Indians, after they are convinced, are more constant cooperators than the white people in the districts I have worked in.

Mr. JENSEN. I do not want you to compare. I do not want you to make that statement because all the farmers in my district are interested in soil conservation. All of the farmers I represent have done a good job. But I think, generally speaking, the farmers of America are all very cognizant now of the great benefits to be derived not only for the first year, but in every succeeding year when they practice good soil conservation in every form that is recommended by the Soil Conservation Service. I am happy to get that report, Mr. Flory. How many soil-conservation technicians are now working for the Indian Bureau?

Mr. FLORY. We have a total of 301 regular personnel working, and I suppose out of that group there are probably about 25 clerical personnel; probably about 275 actual technicians.

Mr. JENSEN. Could you properly and economically spend a couple of hundred thousand dollars more in this great job of soil and moisture conservation on Indian lands with the same personnel?

Mr. FLORY. They could take it in their stride.

SOURCE OF FUNDS AND DEGREE OF PARTICIPATION

Mr. JENSEN. Please insert in the record pages 52, 54, 55, and 56 showing the soil and moisture program and its accomplishments.

(The material referred to follows:)

TABLE I.—*Source of funds and degree of participation in the soil and moisture conservation program, Bureau of Indian Affairs*

Fiscal year	Funds available for soil and moisture conservation work					Accumulative total
	Soil and moisture conservation		Cooperator		Total	
	Expenditures	Percent	Expenditures	Percent		
1941	$848,238	47	$928,150	53	$1,776,388	$1,776,388
1942	722,304	43	930,090	57	1,652,394	33,428,78
1943	437,839	45	530,135	55	967,974	4,396,756
1944	477,891	37	817,893	63	1,295,784	5,692,540
1945	416,701	30	992,248	70	1,408,949	7,101,489
1946	521,437	31	1,167,049	69	1,688,486	8,789,975
1947	572,217	25	1,755,036	75	2,327,253	11,117,228
1948	836,195	29	2,015,688	71	2,851,883	13,969,111
1949	1,236,363	25	3,664,862	75	4,901,225	18,870,336
1950	1,256,973	12	9,581,100	88	10,838,073	29,708,409
1951	1,561,470	14	9,602,782	86	11,164,252	40,872,661
1952	1,501,248	13	10,305,583	87	11,806,831	52,679,492
1953	2,375,708	17	11,797,469	83	14,173,177	66,852,669
1954	2,671,672	16	14,552,000	84	17,223,672	84,076,341
Total, 1941–54	15,436,256	18	68,640,085	82	84,076,341	
1955 estimate	2,545,000	15	14,210,000	85	16,755,000	

TABLE III.—*Soil and moisture conservation accomplishments*

Practice	Unit	1945	1947	1949	1951	1953
1. Land use adjustments and arrangements:						
Land classified	Acres	1,160,845	658,867	512,970	1,923,372	860,184
Farms planned	Number	562	2,994	3,980	9,186	23,649
2. Soil stabilization and improvement:						
Brush control	Acres	1,975	1,138	9,585	32,124	66,582
Contouring	do	22,963	77,612	114,691	248,110	282,457
Cover crops	do	20,594	36,610	61,814	135,675	134,163
Crop improvement	do	3,172	8,884	26,184	40,320	62,398
Crop residues	do	37,784	37,961	165,894	436,547	591,754
Deep plowing	do	1,934	5,513	11,657	19,540	42,982
Fertilizers	do	5,209	15,010	50,269	193,064	250,828
Rotations	do	90,326	677,536	686,937	790,501	2,916,476
Rough tillage	do	27,369	51,492	70,436	89,381	169,996
Seeding sodding	do	16,801	84,593	35,921	55,193	63,455
Soil amendments	do	1,612	4,547	23,043	13,960	97,219
Strip cropping	do	3,282	14,870	63,139	160,527	122,629
3. Water control:						
Drainage	do	3,154	2,063	7,532	16,096	11,675
Detentions	Number	3	17	32	59	753
	Cubic yards	54,290	45,263	93,331	513,468	923,618
Dikes	Miles	48	391	191	43	193
	Cubic yards	269,481	282,794	91,873	571,499	257,039
Jetties	Number	7,318	4,015	1,777	5,910	3,414
Terraces	Miles	161	395	338	540	247
Upland water wasteways	do	37	53	66	154	128
4. Water supply utilization:						
Diversions	Number	1,296	721	126	678	2,025
	Cubic yards	446,088	1,467,875	229,136	1,549,244	1,167,717
Water spreading	Acres	15,890	60,121	37,821	57,260	37,984
Levelling	do	924	1,755	2,949	12,879	18,192
Water distribution	do	16,080	8,520	5,280	28,113	19,456
Ponds	Number	426	319	208	797	1,260
	Cubic yards	1,543,959	1,076,494	434,875	2,169,363	2,770,294
5. Performance inventory	Number	1,360	5,583	11,279	21,139	19,436
	Acres	1,730,837	3,838,589	3,197,681	13,806,861	9,486,703

TABLE IV.—*Comparison of analyses of results of applying soil and moisture conservation practices at 15 agencies on farmlands*

	1950	1953
Increased returns per acre due to conservation treatment:		
Amount per acre	$8.96	$10.60
Percent	30.5	37.9
Acres treated	2,051,820	2,320,142
Total increased production	$18,395,000	$24,608,159
Expenditures:		
Soil conservation funds	$677,238	$793,459
Cooperator funds	$4,995,924	$6,357,669
Ratio of soil conservation dollar to cooperator expenditures	1.00:7.38	1.00:8.01
Ratio of cooperator dollar soil-conservation expenditures	1.00:0.14	1.00:0.12
Increased farm production:		
Ratio of soil-conservation dollar to increased production	1.00:27.15	1.00:31.03
Ratio of cooperator dollar to increased production	1.00:3.68	1.00:3.87
Ratio of total cost of soil conservation (soil-conservation dollar plus cooperator dollar) to increased production	1.00:3.24	1.00:3.44

The methods of land use by Indians are being improved as his land is improved. The rural American Indian cannot take his place in society on an equal basis with other citizens if his land is unproductive and does not provide him an acceptable standard of living. The soil and moisture conservation program is playing a major role in integrating the Indian into the affairs of his local community. Active cooperation with local soil-conservation districts was increased 16.5 percent during the year from 19,454,845 acres to 22,671,070 acres. First in the preparation of a conservation plan for his farm the Indian actively participates in every phase of the plan. He learns what he must do to protect and save it; how to use it for continued and increased production; what it can do for him and also what his own responsibilities are to the community in the manner he treats his land. He puts time, labor, materials, and money into the carrying out of the plan. He is introduced to the soil-conservation district.

Mr. JENSEN. If you, Mr. Flory, or anyone else would care to elaborate on the report which you have just given, we would be only too glad to have you insert it in the record.

ACCOMPLISHMENTS OF INDIANS

Mr. FLORY. I have given from time to time some excerpts from our annual report about the accomplishments of people in the different areas. We just got our annual report summarized. I have a case or two from each one of the areas about what individual farmers or enterprises have done. If you would be interested in those, I can give those to you.

Mr. JENSEN. I would be glad to have that report inserted in the record, without objection.

(The material referred to follows:)

RECOGNITION OF INDIANS

At the Cherokee Agency five of the community development clubs entered the western North Carolina community development contest for the calendar year 1952. The Big Cove Community Club won third place in competition with 71 other communities in 12 western North Carolina counties.

A great honor came to the Cherokees with Mr. Jack Jackson, an Indian farmer and a director of the Cherokee Indian Fair, being voted one of the directors of the North Carolina State Fair Association.

Solomon Ned, of Madill, Okla., won first prize for his sample of vetch seed in the 1953 Marshall County Fair. Mr. Ned uses vetch in his rotation system. In 1952 he harvested 350 pounds of combine run vetch seed per acre. This was in addition to the winter grazing provided his cattle. Early high temperatures of 1953 reduced the yield of seed to 100 pounds per acre, but this seed was of excellent quality.

Domingo Quintana of the Cochiti Pueblo at the New Mexico State Fair with a selection of his corn took first place in its class and won the sweepstakes for the best 10 ears exhibited against all corn entries. He had leveled his land; fertilized his soil; and had planted hybrid seed corn. (See story under Albuquerque Area, United Pueblos Agency for more details.)

Mr. Herman Crumbo was awarded the Department of the Interior's conservation award for his outstanding soil conservation farming on the Uintah and Ouray Reservation in Utah. A part of his success story was related on page 19 of the February 1, 1953, issue of the Soil Saving Series.

Indians of the Coiville Reservation, Wash., received conservation awards. Mr. Luke Friedlander of Nespelem was selected as conservation farmer of the year by the Southeastern Okanogan Soil Conservation District. He has placed 110 acres under sprinkler irrigation in an alfalfa-grass rotation. He has a livestock enterprise with 200 head of breeding cattle. The McDonnel Brothers of Kewa were chosen by the South Ferry Soil Conservation District for similar honor. They operate 520 acres with 160 acres under cultivation. The farm produces feed for their herd of 160 head of cattle.

Mr. Harry Pearson of Modoc Point on the Klamath Reservation, who is a member of the board of supervisors of the Poe Valley Soil Conservation District, during the year was selected for a signal honor carrying heavy responsibilities. Governor Patterson of the State of Oregon appointed Mr. Pearson to the seven-man Klamath River Commission. The commission and a similar one for the State of California are to formulate recommendations for the eventual use of the waters of the Klamath River.

The Hopis of the First Mesa Farm and Range Group received the Department of the Interior Conservation Service award. The award was based on soil conservation measures applied by the Hopis of the First Mesa to their lands during the past 10 years.

SUCCESS STORIES AND FIELD PRACTICES

Aberdeen area

Rosebud Agency, S. Dak.—An agricultural renaissance is taking place in the Northern Great Plains. This is typified by what is taking place on the Rosebud and Yankton Reservations. Less than 15 years ago the general practice

was to burn the stubble of grain fields, because it was considered a nuisance in replanting. This malpractice has ceased on Indian lands and the straw is incorporated into the soil to improve the fertility, permeability, and structure of the soil thereby increasing moisture intake and decreasing wind and water erosion. Whereas formerly the farmland was cash cropped continuously, rotations are now being practiced. Within the current year practically all farmland on the Yankton Reservation will have rotations. Five years ago sweetclover was considered a weed; now it is a regular item in the rotations either as a separate crop or grown with grain. The following statistics show the rapidity of the changes by acres for various soil-stabilization, soil-improvement activities for lands of the Rosebud Agency in the short span of 3 years:

Practice	1951	1953
	Acres	*Acres*
Contouring	1,600	4,500
Fertilizers	350	3,000
Sweet clover	2,000	25,000
Rotations	60,000	110,000
Rough tillage	25,000	65,000
Strip cropping	8,000	38,000
Trashy tillage	16,000	100,000
Weed control	2,000	55,000

Percy Archambeau, who is a member of the Yankton Tribe, believes in using a legume as a green manure to feed his grain crops. Mr. Archambeau farms 649 acres of cropland. This year he plowed under 120 acres of sweet clover and planted 130 acres for plowing under next year. Next year he plans to plant Hubam clover on part of his area to compare the benefits of fall plowing of a fast growing legume with the spring plowing of sweetclover. He had 349 acres in corn this year. Land not benefited by a legume produced 20 to 30 bushels of corn per acre. Ground which had a legume green manure crop for the first time produced 45 bushels.

Winnebago Agency, Nebr.—Ted Thomas, a Winnebago Tribal Council member, operates his own farm practically alone. In 1953 he raised 150 acres of corn, 67 acres of oats, and put up 20 acres of alfalfa. He has 24 head of cattle and some pigs. He farms the conservation way and has increased his yields an average of 20 percent thereby. The Winnebago Agency credit officer, in speaking of Mr. Thomas, says: "He is sold on conservation, because he sees the value to be derived from it."

Albuquerque area

United Pueblos Agency, N. Mex.—The Pueblo Indians have grown corn for centuries very much in the same manner year after year. In 1953, Domingo Quintana, of the Cochiti Pueblo forsook the traditional ways with some very interesting results. He leveled his field at a cost of $44.17 per acre. He applied 16–20–0 commercial fertilizer at the rate of 200 pounds per acre and a cost of $9.80 per acre. He planted 10 pounds of Funk's G–80 hybrid seed corn at a cost of $2.10 per acre. The results were:

Year	Yield	Price per buahel	Gross return per acre
1952	30 bushels	$1.80	$54.00
1953	68 bushels	1.60	108.80

For many years the people of the Zia Pueblo annually would expect overhead waters to cover approximately 100 acres of their irrigated cropland with silt. In addition their main irrigation ditch would be washed out in some sections and silted full in other sections at the very time of the year when the need to irrigate was most critical. With the assistance of SMC the Zia people have installed a detention dam that will contain the overhead runoff and discharge it at a nondamaging rate to provide additional water for irrigation purposes. The newly installed system worked perfectly this last season under an unusually heavy downpour. It is conservatively estimated that the savings will be $30 per acre or $3,000 per year. At a construction cost of $4,135, the dam will soon pay for itself.

Alfalfa in two portions of a Pueblo alfalfa field which received no fertilizer were treated the same except for the application of irrigation water. One portion of the field was irrigated by the normal flooding method. The other portion of the field was irrigated by the use of siphon tubes. That irrigated by the use of siphon tubes as the result of the better application of water produced $8 more of alfalfa per acre.

In 1952 Delphine Quintana fertilized a field with 100 pounds of phosphate per acre at a cost of $4.25 and produced 6.2 tons of alfalfa per acre. In 1953 on the same field he used 200 pounds of phosphate per acre at a cost of $8.50 and produced 7.5 tons of alfalfa. Using a value of $25 per ton for alfalfa at an additional fertilizer cost of $4.25 he grossed a profit of $32.50 which made a net profit of $28.25 per acre for the operation.

Anadarko area, Oklahoma

A "back to the farm" movement among the Ponca Indians has been initiated and is being fostered by the Ponca Indian Credit Association. The aim of this all-Indian association is to interest Indians in farming and to farm at a profit. The Association is interesting its members in having proper soil analyses made and then to apply proper fertilizers. The analyses were made and fertilizer needs determined. The association then purchased 18 tons of fertilizers which were repurchased by the following members: Dana Knight, Frank Le Clair, Louis Knight, Everett Gayton, Sidney Poore, Joe Hairy Back and Antoine Le Clair.

Farmers in the Conton-Watonga portion of Oklahoma are finding Austrian winter peas preferable to vetch as a cover crop on medium textured permeable and slowly permeable soils. The peas in wheat are not discriminated against by the millers. They mature about the same time as wheat, thereby making for an earlier and an easier harvest. Peas are not as persistent as vetch in volunteering in wheat.

Marion Frost farming near Canton, Okla., first tried Austrian winter peas in 1950 on 54 acres with a protective crop of 10 pounds of wheat per acre. The peas were plowed under in May 1951. By 1953 his wheat yield on the field had climbed from 12 bushels of wheat per acre to 24 bushels. Mr. Frost found other advantages. Where the cover crop was planted he says: "The land takes water like a sponge." He figures that runoff has been cut in half. Tillage operations have been greatly improved. Tillage time was cut by one-third, the chisel could be set 1½ inches deeper, and the tractor was operated at one speed faster.

In 1947 Cecil Beall leased a quarter section of Indian land near Carnegie, Okla. The sandy loam soil was subject to both wind and water erosion. The cropping system consisted mainly of cotton, peanuts, and grain sorghums.

In 1949 Mr. Beall and the local soil conservationist developed a soil conservation farm plan. At the time 137 acres were in cropland with 25 acres severely eroded. Terraces and a water wasteway have been installed. In 1949 and 1950 the 25 acres were planted to grass. Thereupon 16 acres were taken out of native pasture and placed under cultivation. The first year the 16 acres produced 375 pounds of cotton per acre. He has planted soil-building legumes in rotation with other crops on the cultivated lands and has utilized commercial fertilizers.

The results Mr. Beall has observed have been different from year to year because of differences in growing conditions, but regardless of conditions he has realized a marked benefit from the program he has carried out.

Billings area

Crow Agency, Mont.—As often happens farmers on the Crow Reservation accept certain soil conservation practices and have developed a seeming complex against placing other needed features in practice. One needed practice in the latter group is cross slope stripcropping. Mr. Richard Blakely of Lodge Grass, Mont., is the first man in the area to apply stripcropping for the control of sheet and gully erosion. The strips were installed on his 270 acres of cropland in August 1952. Every other strip was seeded to wheat in the fall of 1952. The intervening strips were operated as fallow for fall planting in 1953. The runoff from a severe thunderstorm in the summer of 1953 was controlled in the planted strips. An upland water wasteway above the farm will carry off overhead waters without damage. Upon the completion of the wasteway the farm will be protected. Mr. Blakely's pioneering in stripcropping will show many other farmers the desirability of the practice.

Fort Peck Agency, Mont.—The development of stubble mulch fallow and crop residue management on the Fort Peck Reservation is shown by the following:

	Acreage
1950	1, 920
1951	11, 000
1952	100, 000
1953	188, 100

Fort Belknap Agency—Rocky Boy's Reservation, Mont.—On the small Rocky Boy's Reservation during the past year, 600 acres of idle land have been put into agriculture production. This is a notable achievement and one which will have a profound effect on the lives of the Rocky Boy Indians. The Indians and the Bureau accomplished the job by working together. The tribe modified its land use regulations to permit a member to lease from the tribe acreage in addition to his assignment, so that he might more nearly have an economic unit. The tribe purchased a large sodbreaking disk plow. This enables the Indian farmer to utilize his light farm equipment on the area without being damaged. As a result the Indians are really putting their potential farm land to work.

Wind River Agency, Wyo.—Mr. Bart W. Bull, an Arapahoe Indian, living near Ethete, Wyo., requested assistance in leveling 14 acres including his farmstead. The work was performed with Mr. Bull paying the prevailing charges. His house and yard have the promise of becoming one of the best developments in the area. The garden located on the recently leveled land was one of the largest and most successful in the Ethete district and its produce took many prizes at the Ethete Fair.

Minneapolis area

Cherokee Agency, N. C.—Community development on the Cherokee Reservation has been the outstanding accomplishment for 1953. Although not strictly a soil and moisture conservation activity, it has touched more families and has been responsible for more permanent improvements than any program sponsored for the Cherokee people. There are seven active community clubs on the reservation.

The community clubs helped to organize the Southeastern Community Development Association in 1952 and were hosts to the association at its first annual conference held at Cherokee, July 16, 17, and 18, 1953. Over a hundred community development leaders from 13 States and Washington, D. C., attended.

Any community project that has the endorsement of the community clubs is sure to be successful. The community clubs have agricultural and conservation committees that work for improvements to Cherokee farms. It has been easy for the SMC personnel to work with the committees and with the entire clubs to get soil conservation practices established on the farms in each community.

Some of the major community accomplishments of the year were:

1. The Big Cove community cleared 22½ miles of right-of-way for a new powerline to serve 73 families. Within 30 days after completion of the clearing, 47 families had electricity for the first time.
2. The Big Cove community purchased a 115-acre community farm. Produce grown this year on the farm will pay approximately the purchase price.
3. The seven organized clubs held 186 community meetings with an average attendance of 65 people.
4. Painttown constructed a community building. This is the third community building in the past 2 years.
5. The Soco community incorporated its club and secured land on United States Highway 19, on which a community museum is being built and an herb garden is being planted.
6. The Soco Club sponsored five pasture demonstration plots.
7. Six of the clubs published mimeographed news sheets.
8. All seven clubs cooperated in the Farmers Curb Market and the Cherokee Indian Fair.
9. All seven clubs set agricultural goals which included soil conservation features. Generally the goals were realized.
10. Six communities erected entrance signs to communities, church signs, road signs, picnic-area signs, and uniform mailbox signs.
11. All communities sponsored better recreation, including soft ball teams, Indian ball teams, regular picnics, box suppers, bingo parties, school field days, etc.
12. Several families installed running water in their homes; 43 homes were screened; 39 families built sanitary toilets.
13. Birdtown and Big Cove sponsored cemetery improvement. All communities sponsored church and church grounds improvement. As a result 4 churches

were painted; grounds at 3 churches were leveled and seeded; 9 churches purchased inside equipment and made inside improvements.

Muskogee area, Oklahoma

Mr. Emmett Walker is the tenant on the Lydia Vann Gerald farm of 160 acres northeast of Coweta, Okla. In 1949 he visited a SMC meeting at Coweta and requested that soil conservation personnel visit the farm to help him and the land. At the time, of 101 acres of open land, he was cultivating only 70 acres in patches because of gully erosion, sheet erosion and fertility depletion, and excessive moisture in certain locations.

In 1949 Mr. Walker had 20 acres of cotton and 50 acres of corn. The cotton grossed 300 pounds of seed cotton per acre and the corn produced 15 bushels per acre. He had 15 head of cows and calves and had sold approximately $3,000 worth of milk. He sold 24 head of hogs and kept 3 brood sows. He bought a small tractor with plows and ended the year $2,000 in debt. He farmed in straight rows and used no fertilizer. His wooded pasture provided little grass. The access road to the farm house came straight down the hill from the county road. During heavy rains the runoff water from the hill came down in torrents flooding his house, yard, and barn lot. Sometimes he waded in water knee deep between his kitchen stoop and the well 50 feet distant. Other water ran across his cultivated fields in five places washing deep gullies and finally spreading out over most of the productive land, keeping it so wet that he usually lost his plantings before he could cultivate them.

A conservation plan was developed. Mr. Walker began placing it in effect. In 1953 he had 25 acres of cotton averaging 1,000 pounds of seed cotton per acre; 30 acres of corn averaging 22 bushels; 3 acres of cowpeas, 3 acres of Bermuda grass and ladino clover, 8 acres of alfalfa, 6 acres in vetch and rye, and 3 acres for soybeans. He is milking 9 cows and averaging $4 per day from milk sales. He sold 76 hogs for $2,000 during the year and has 3 sows and 14 small pigs. He has one girl in college, one in high school, and 7 children in grade school. He now has a late model tractor, a car, Butane gas for cooking, a gas icebox and a radio. He has 78 acres in cultivation and 80 acres which he is putting into pasture. He has built a pond for stockwater. He constructed a 2-story 30 by 30 foot barn. He has built hog-tight fences around 22 acres and plans to put an electric fence around 22 acres of cow pasture. His outstanding indebtedness this fall was $300 but he had a balance of farm products he planned to sell prior to January first valued at $1,500.

Mr. Walker feels that without SMC assistance, he never could have accomplished what he has. He plans to intensify his efforts and start a crop rotation system to include legumes. In the process of executing the farm plan a family has become successfully self-sustaining and a farm has been saved.

In 1949 Lucy nee Tubbee received $75 and 15 bushels of corn as the rental from her land in Bryan County. The following year Paul Sears became the lessee. Owner and lessee cooperated in placing a farm plan of soil conservation into effect. In 1952 the year's rental amounted to $940 from crops and $100 from pasture. In the 3 years the value of the property and the productivity of the land had increased greatly.

Joe Vann, a fullblood Cherokee, leases 100 acres of tribal land on the Yonkers project in Mayes County. Under his conservation plan he has terraced his cropland and built a pond. Last year he raised 35 acres of corn, 10 acres of cane, 9 acres of beans, and 6 acres of head feed. He has 20 head of cattle, several hogs, and a laying flock of chickens. He has established Bermuda-grass and native-grass pastures for his cattle. The most productive acre of all is the family vegetable garden. It has provided many of the products that Mrs. Vann has canned in the 800 quart bottles on the shelves of her well-stocked cellar.

Phoenix area

Pima Agency, Ariz.—The soil and moisture conservation program for the Pima Agency is a year old. One of the convincing demonstrations made was on the Charlie Crawford farm on the Gila Reservation under lease to Mike Garcia. At the time Mr. Garcia was contacted he had a field of broadcast-seeded barley 6 inches in height. Mr. Garcia agreed to try a fertilizer demonstration on a 1-acre plot. One hundred and fifty pounds of 40 percent ammonium nitrate was applied. The results on a per-acre basis for the barley fertilized and unfertilized were as follows:

	Unfertilized	Fertilized
Cost of labor, materials, etc	$17.85	$17.85
Cost of fertilizer	None	8.60
Total cost	17.85	26.45
Barley produced ..... pounds	1,200	2,600
Barley value at $50 per ton	$30.00	$65.00
Net profit	12.15	38.55

Such demonstrations serve to rapidly change methods of agriculture, and to interest people in soil conservation methods of farming.

The Phoenix area office technicians developed plans and specifications for a seedbed compaction unit, utilizing individually suspended wheels and tires to transmit uniformly the compacting force furnished by the weight of the unit. The unit functions very effectively. Several units were manufactured locally and placed in use.

San Carlos Agency, Ariz.—At San Carlos during the year 1,450 acres more of land were cleared of juniper. The Indian livestock operators agreed to defer the cleared area from grazing for a 2-year period to assist in the revegetation of the range.

Papago Agency, Ariz.—The grandfathers and great-grandfathers of the people of Gu Vo village fought a gully that was reaching for their fields. At the cost of much labor they endeavored to control it with heavy rock fills. The gully encroachment was slowed down but did not cease. In 1953 the gully was controlled finally by their descendants with the technical assistance of SMC and the financial assistance of PMA. A large detention dam with ample secondary spillway capacity was constructed. The primary spillway is through a pipe which will carry the floodwaters to a large flat area for the production of additional forage and farm crops.

Uintah and Ouray, Utah.—The Ute Tribe at Uintah and Ouray has set up $150,000 for range improvements. To date under the program 3 stockwater dams have been constructed and 9 miles of needed boundary fence have been erected.

Portland area

Yakima Agency, Wash.—Mr. Peter Kwak operates a 160-acre farm 10 miles west of Toppenish, Wash. One-half of the farm is a Yakima allotment and the other half is deeded land owned by Mr. Kwak. In April of 1951 Mr. Kwak leased the Indian allotment with terms included for leveling 60 acres.

With the assistance of SMC technicians, Mr. Kwak worked out a plan for leveling the entire 80 acres. The work was done a portion at a time and was completed in 1953. Mr. Kwak did the leveling with his own equipment consisting of regular farm tractors and small carryalls. The improvements were completed with the installation of 600 feet of 12-inch concrete pipeline and 3 concrete water division boxes. The total cost was $4,125.

Mr. Kwak estimates that the improvements have reduced his labor costs by 50 percent. Before the improvement work was done it was necessary for him to employ two full-time hired men. He now can operate the farm easily with one man. At the current farm crop price levels it is estimated that the rental value of the farm has been increased by approximately $600 per year. The appraised value of the allotted land has increased from $16,000 to $22,000.

Crop production and income before and after the soil conservation plans were put into effect are as follows:

Year	Acres	Crop	Yield per acre (ton)	Value per ton	Total
Before conservation:					
1950	58	Sweet corn	4	$25	$5,800
1950	13	Alfalfa	5	12	780
Total crop value					6,580
After conservation: 1953	80	Field corn	3	60	14,400
Total crop value					14,400

He plans a rotation including corn, pasture, alfalfa, and vetch as a green-manure crop. For his work the Wapato Soil Conservation District in 1952 selected Mr. Kwak as Soil Conservation Farmer of the Year.

Warm Springs Agency, Oreg.—The Warm Springs Tribal Council has been most receptive to justifiable soil-conservation projects. Since the tribal conservation enterprise was established September 15, 1950, the interest of the council and of the tribal members in soil conservation has increased steadily. The tribal council has made $35,000 available to the enterprise to loan for improvement of individually operated land. When the conservation work is performed the individual is billed through a long-term repayment plan. Money collected is loaned on new applications.

Last year at Fort Hall Agency 700 acres of land were leveled, and 11 miles of field laterals were installed. At Yakima 172 farmers leveled 4,356 acres and reclaimed 600 acres of alkali land that has generally been called too alkali for farming.

Navaho Reservation, Ariz.—Mr. Scott Preston in the fall of 1949 requested a farm plan for his farm 1½ miles southwest of Tuba City. The farm is located in a drainage under a 200-foot cliff. Soils deposited from the plateau above are low in organic matter, high in carbonates, and highly susceptible to piping. The 8 percent slope added to the erodibility of the soil. The plan was made.

The first phase covering the construction of a reservoir to store spring water for irrigation and the installation of pipe to convey the water to the farmland below was completed by the Preston family in the spring of 1952.

The second phase was to construct terrances. This was done in the spring of 1953 by 3 weeks of almost continuous work by the Preston family group so that the work was completed in time for spring planting. The farmers working early and late did all the work themselves with an agricultural tractor.

The third phase was to deep plow the land and apply organic matter to increase productivity. The farmers hauled sheep manure during the winter months and stockpiled it for that purpose.

In addition a storm channel was constructed by the Indians around the farm to protect it from overhead water coming off the plateau above.

In 1953 the crop yield increased 90 percent as a result of the work performed. Mr. Preston plans to execute additional phases of the conservation plan and knows that production will be further increased. He appreciates that he will have to put back into the soil what he takes out. The success of the project to date is based on an understanding of the problem by the Preston family and its willingness to better the farm.

Navaho Reservation, N. Mex.—The planting of green-manure cover crops is new in Navajo farming operations. At Shiprock this year 98 acres were so planted as the result of educational meetings held last winter jointly by the branches of extension and soil conservation.

Daniel Yazzie had a 16-acre field with a fine stand of hubam clover and oats. On the Hogback pump project, John Harvey planted hubam clover on 15 acres of his 36-acre farm. He planted the seed after first innoculating it with the proper strain of legume bacteria. The clover produced an excellent stand which was plowed under while still lush and green. Such manure crops will be most beneficial in building up the productive capacity of the newly developed lands of the pump-irrigated project.

Mr. JENSEN. Approximately how much money is expended for administrative personnel in the Soil Conservation Service of the Indian Bureau? You can furnish that for the record.

Mr. FLORY. All right, sir.

(The material referred to follows:)

All but 26 of the 301 employees of the Branch of Soil Conservation are technicians. The 26, although called administrative, are really aids to the technicians in the performance of clerical work. The salary of these clerical people amounts to $81,045.

OPERATION, REPAIR AND MAINTENANCE OF INDIAN IRRIGATION SYSTEMS

Mr. JENSEN. "Operation, repair and maintenance of Indian irrigation systems." Would you tell us how that program is progressing?

ASSESSMENTS

Mr. GREENWOOD. Mr. Chairman, the estimate before you for that purpose is $814,500, which is a decrease of $39,500 below the amount available this year. This item, as you know, finances the operation and maintenance of irrigation systems serving Indian lands to the extent that the Indians themselves are not able to pay their operation and maintenance assessments. The bulk of the item is reimbursable and represents a charge against the land. About 70 percent of the cost of operating and maintaining irrigation systems is defrayed from collections from the water users themselves. This item, as I said, finances the assessments of those Indians who are not able to pay their own assessments.

Mr. JENSEN. How much of the appropriation for operation of irrigation systems is reimbursable and how is it reimbursed?

Mr. GREENWOOD. I can give you that figure in just a minute, I think.

Mr. JENSEN. In your justifications you say this:

> Of the $814,500 requested under this activity, $145,900 is nonreimbursable and represents obligations of the Government for the purchase of water and water rights and operations and maintenance activities covered in the act of Congress and agreements with the Indians; the balance of $668,510 is reimbursable and constitutes a lien against the land benefited.

Mr. GREENWOOD. That is correct, yes, sir.

Mr. JENSEN. It constitutes a lien until it is paid.

Mr. GREENWOOD. Until it is either paid or canceled.

Mr. JENSEN. It is the same sort of a lien, so to speak, that the Federal Government has against private lands which are irrigated with Government money, is it not?

Mr. GREENWOOD. Yes. Generally, though, the lien against private lands represents a construction charge. This is operation and maintenance; and in the case of white lands, the operation and maintenance is paid by the water user. In this case this appropriation is what is required because of the low economic status of the Indian that prevents him from paying his operation and maintenance assessment. If the land passes out of Indian ownership, the purchaser is required to pay the accumulated operation and maintenance assessments.

Mr. JENSEN. Is that nonreimbursable item constantly going up? And also what is the status of the $668,500 reimbursable item?

Mr. GREENWOOD. On the nonreimbursable item, that varies. For example, a part of that nonreimbursable item represents operation and maintenance costs for the Fort Hall irrigation project. Under a treaty with the Indians and pursuant to an Act of Congress, the operation and maintenance assessments are not collectible from the Indians. That is a gratuity.

LEASING TO NON-INDIANS

Mr. JENSEN. Congress appropriated last year for an irrigation project, a part of which will be in an Indian reservation and hence will not be reimbursable for the construction. To what extent is irrigation actually used by the Indians and what part is rented out to non-Indians?

Mr. GREENWOOD. I do not happen to have those statistics here, but a very substantial part of the irrigated land is leased.

Mr. JENSEN. To non-Indians?

Mr. GREENWOOD. Yes, sir.

Mr. JENSEN. And that land was irrigated free of charge for the Indians? That is, the construction cost?

Mr. GREENWOOD. Even the construction cost, Mr. Chairman, represents a charge against the land. The collection of it is deferred so long as the land remains in Indian ownership. If the land passes out of Indian ownership, the construction charge is then collected.

Mr. JENSEN. I understand that. But what happens when the Indian leases that land to a non-Indian, or even to another Indian? Should the construction cost then not be chargeable to the land?

Mr. GREENWOOD. Perhaps they should be, Mr. Chairman; but under the law they are not.

Mr. JENSEN. I know.

Mr. GREENWOOD. Of course we attempt to get the lessee—and we do get the lessee—to pay the operation and maintenance cost. But the construction charge is deferred so long as the land remains in Indian ownership, even though it might be used under lease by a non-Indian. Much of the leasing that is done results from the fact that the lands are fractionated. The original allottee has died and his heirs have inherited his estate and that has happened several times over; so that the fractional interests are so small that no one Indian can make beneficial use. The only way to make beneficial use of the land is to lease it.

Mr. JENSEN. Here is what happens. An irrigation project is proposed by the people in that particular vicinity. An investigation is made by the Bureau to ascertain whether that project is economically feasible and whether it will pay out in accordance with the law that governs such projects. In that project possibly one-third is Indian land. It is quite possible the owner of those lands has already leased his lands to a non-Indian.

Taking the project as a whole, it does not come within the category or the finding of feasibility. So there have been occasions where projects have not been authorized. I would not say that when an Indian who ownes land in an irrigation project leases it to another Indian, the Indian lessee should be required to pay as the white man pays. But it appears to me, in all fariness and justice, if an Indian owns irrigated lands where the Federal Government has expended large sums of money, should he lease that land to a white man, that white man should pay the charges as any other white man would pay on any irrigation project where the Government has expended the money to develop it.

Mr. GREENWOOD. You are speaking of the construction charge?

Mr. JENSEN. I am speaking of the construction charge; yes. Mr. Commissioner, I do not know whether the rest of the committee will agree with me or not on that premise, but if they have any comments to make, I would be glad to hear them.

Mr. FENTON. If these irrigation projects were constructed for the Indians, I do not see what right they would have to sublet to someone else. I think Government projects should include some clause in the contract whereby if the original owner or Indian who has that land cannot develop it or use it, it should necessarily go to some other Indian, as I see it.

Mr. BUDGE. Mr. Chairman, have there not been some individual pieces of authorizing legislation where the things to which you are referring have been done that provide specifically if the land is not farmed by Indians, the construction charges must be repayable the same as they are under a Reclamation loan?

Mr. GREENWOOD. Yes. I think the last piece of legislation on that subject was the Coachella Valley legislation, California.

Mr. JENSEN. That was separate legislation.

Mr. GREENWOOD. Yes, sir.

Mr. JENSEN. That was not general legislation.

Mr. GREENWOOD. No, sir.

Mr. LEWIS. Mr. Chairman, there are some problems that make it rather difficult to have general legislation. Mechanically speaking, if an Indian goes out and leases his land to a non-Indian, we will say that the lease is to run for 5 years; there has been no law setting up the basis on which the repayment of the capital charges is to be paid, or even the interest rate to be borne. The result is that you have no way of knowing what amount this non-Indian lessee or the Indian lessor should pay during the period of this particular lease.

Actually if you said he should pay, about the only basis on which he could pay would be all of it—which of course would not be what you had in mind because that would wipe out the possibility of leasing. Then there is another feature. On a number of these irrigation projects, there is rather incomplete development insofar as the land level is concerned. The result is that the Indian is unable to farm it satisfactorily. He has to farm it in a rather old-fashioned manner. In order to get that land put in good shape, he goes to a non-Indian farmer who is experienced and who has the capital to do it, and he leases it to him for 5 or 10 years. The non-Indian farmer comes in and as a part of the payment for the lease, completely levels and terraces or does whatever is necessary to the land and farms it and that constitutes part of the rental.

Mr. BUDGE. Yes, but your leases have been so short—they have been limited to 10 years in length—that nobody will actually go in and put in permanent improvements.

Mr. LEWIS. I am not familiar with the type of farming that has permanent improvements. In the part of the country that I live in, you just farm the land. You do not build houses on it or do things of that sort.

Mr. BUDGE. If you put in irrigation systems and drainage systems, you have got to spend quite a little money, particularly if you are in dry land where you have to do pumping.

Mr. LEWIS. They are doing that in these dry-land areas. Where they have an irrigation district, they will go in and on a 10-year contract will completely level the land and put in concrete ditches and do all of that work as a part of the rental payment. As a matter of fact, they will even go so far as to drill wells which cost $50,000 apiece.

Mr. BUDGE. They will not in my State.

Mr. JENSEN. Of course, Mr. Lewis, that is done very frequently on irrigation projects where the water users pay for the construction cost. They will expend their own money to build smaller canals to their particular areas that cannot be reached by the main system.

The thing I am getting at is, without a doubt, it has been pretty soft for a lot of white men to go in and lease Indian lands where the Government has spent a terrific amount of money to reclaim and to irrigate them.

It appears to me that it is not quite fair to ask a white man in other projects to pay the construction costs and then let another white man reap the benefits which the Congress has provided for the Indian.

Mr. LEWIS. Mr. Chairman, if that is true, it is only because the Secretary of the Interior has not fulfilled his duties; because as far as what the Indian gets off of that land, it should be whatever the going rate in that area is and should reflect the fact they do not have to pay these construction costs. Certainly the Indian should be deriving the benefit out of the fact that no construction costs need be paid under the congressional act.

Mr. JENSEN. I wonder if he is?

Mr. LEWIS. If he is not, then the Indian Bureau and the Secretary of the Interior are not fulfilling their duties.

Mr. JENSEN. What part of the $668,510 which you indicated as a lien against the property of the Indian is on land leased to non-Indians?

Mr. GREENWOOD. I do not have that figure, Mr. Chairman.

Mr. JENSEN. Will you supply that for the record?

(The material referred to follows:)

The $668,510 reimbursable amount under this item for operation and maintenance of irrigation systems is available only to lands owned and used by Indian owners who are financially unable to pay such costs for assessments. Indian owned lands leased to non-Indians are required to pay the full per acre operation and maintenance assessment rate.

CONSTRUCTION

NOTE.—$1,380,000 of the 1953 appropriation for this account is excluded from this schedule and set forth below under the title "Construction (liquidation of contract authorization), Bureau of Indian Affairs."

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$16,120,000	$15,869,000	$10,336,000
Prior year balance available	13,282,204	13,811,349	9,623,813
Recovery of prior year obligations	3,335,263		
Reimbursements from non-Federal sources	7,274	3,000	3,800
Reimbursements from other accounts	88,220	51,353	
Total available for obligation	32,832,961	29,734,702	19,963,613
Balance available in subsequent year	−13,811,349	−9,623,813	
Obligations incurred	19,021,612	20,110,889	19,963,613

NOTE.—Reimbursements from non-Federal sources above are from the proceeds of sale of personal property (40 U. S. C. 481 (c)).

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
Direct Obligations			
Appropriated funds:			
1. Buildings and utilities	$11,691,729	$10,366,006	$13,176,813
2. Roads and trails	3,269,129	5,293,725	2,897,000
3. Irrigation systems	3,904,827	4,271,665	3,886,000
4. Land acquisition	60,433	125,140	----------
Total obligations from appropriated funds	18,926,118	20,056,536	19,959,813
Reimbursements from non-Federal sources:			
5. Replacement of personal property sold	7,274	3,000	3,800
Total direct obligations	18,933,392	20,059,536	19,963,613
Obligations Payable of Reimbursements From Other Accounts			
1. Buildings and utilities	70,627	44,353	----------
2. Roads and trails	16,872	7,000	----------
3. Irrigation systems	721	----------	----------
Total obligations payable out of reimbursements from other accounts	88,220	51,353	----------
Obligations incurred	19,021,612	20,110,889	19,963,613

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
BUREAU OF INDIAN AFFAIRS			
Total number of permanent positions	447	513	536
Full-time equivalent of all other positions	364	713	705
Average number of all employees	953	1,170	1,199
Average salaries and grades:			
General schedule grades:			
Average salary	$4,761	$4,895	$4,999
Average grade	GS-7.2	GS-7.3	GS-7.3
Crafts, protective, and custodial grades:			
Average salary	$4,395	$4,472	$4,588
Average grade	CPC-8.4	CPC-8.2	CPC-8.5
Direct Obligations			
Appropriated funds:			
01 Personal services:			
Permanent positions	$1,745,204	$2,113,346	$2,316,615
Other positions	1,998,077	2,553,160	2,534,015
Regular pay in excess of 52-week base	6,712	8,128	8,910
Payment above basic rates	79,355	54,356	24,460
Total personal services	3,829,348	4,728,990	4,884,000
02 Travel	131,364	163,885	157,400
03 Transportation of things	105,719	133,175	118,525
04 Communication services	22,859	56,260	50,900
05 Rents and utility services	41,727	62,450	50,000
06 Printing and reproduction	24,658	25,000	20,000
07 Other contractual services	2,455,888	2,268,513	2,058,550
08 Supplies and materials	1,842,584	2,540,827	1,445,695
09 Equipment	919,581	1,084,765	822,010
10 Lands and structures	9,474,988	8,847,132	10,312,058
11 Grants, subsidies, and contributions	88,350	60,000	40,000
15 Taxes and assessments	8,378	6,000	4,000
Subtotal	18,945,444	19,976,997	19,963,138
Deduct charges for quarters and subsistence	54,262	57,366	58,550
Total obligations from appropriated funds	18,891,182	19,919,631	19,904,588
Reimbursements from non-Federal sources:			
09 Equipment	6,141	3,000	3,800
Total direct obligations	18,897,323	19,922,631	19,908,388
Obligations Payable Out of Reimbursements From Other Accounts			
08 Supplies and materials	88,220	51,353	----------
Obligations incurred	18,985,543	19,973,984	19,908,388

Obligations by objects—Continued

Object classification	1953 actual	1954 estimate	1955 estimate
ALLOCATION TO BUREAU OF RECLAMATION			
Total number of permanent positions		9	
Average number of all employees		9	
Average salaries and grades:			
General schedule grades:			
Average salary		$4,859	$4,284
Average grade		GS–7.6	GS–7.2
01 Personal services:			
Permanent positions		$43,735	$21,418
Regular pay in excess of 52-week base		165	82
Total personal services		43,900	21,500
02 Travel		1,400	800
03 Transportation of things		20	20
04 Communication services		240	220
05 Rents and utility services		30	20
06 Printing and reproduction		20	20
07 Other contractual services		9,160	2,140
Services performed by other agencies		2,400	
08 Supplies and materials		800	475
09 Equipment		20	20
15 Taxes and assessments		10	10
Obligations incurred		58,000	25,225
ALLOCATION TO GEOLOGICAL SURVEY			
Total number of permanent positions	4	13	3
Full-time equivalent of all other positions	1	4	1
Average number of all employees	5	16	4
Average salaries and grades:			
General schedule grades:			
Average salary	$4,553	$4,578	$4,608
Average grade	GS–6.8	GS–6.8	GS–6.8
Direct Obligations			
Appropriated funds:			
01 Personal services:			
Permanent positions	$18,743	$56,000	$16,900
Other positions	2,473	8,000	3,500
Regular pay in excess of 52-week base	73	200	100
Payment above basic rates	25		
Total personal services	21,316	64,200	20,500
02 Travel	4,968	5,100	4,700
03 Transportation of things	31	100	
04 Communication services	336	1,000	300
05 Rents and utility services	450	1,000	300
06 Printing and reproduction	185	100	
07 Other contractual services	1,090	2,100	1,000
Services performed by other agencies	49		
08 Supplies and materials	3,037	3,105	2,000
09 Equipment	3,366	1,900	1,100
15 Taxes and assessments	108	300	100
Total obligations from appropriated funds	34,936	78,905	30,000
Reimbursements from non-Federal sources:			
09 Equipment	1,133		
Obligations incurred	36,069	78,905	30,000
SUMMARY			
Total number of permanent positions	451	535	544
Full-time equivalent of all other positions	565	717	706
Average number of all employees	958	1,195	1,208
Average salaries and grades:			
General schedule grades:			
Average salary	$4,761	$4,895	$4,999
Average grade	GS–7.2	GS–7.3	GS–7.3
Crafts, protective, and custodial grades:			
Average salary	$4,395	$4,472	$4,588
Average grade	CPC–8.4	CPC–8.2	CPC–8.5

Obligations by objects—Continued

Object classification	1953 actual	1954 estimate	1955 estimate
SUMMARY—continued			
Direct Obligations			
Appropriated funds:			
01 Personal services:			
Permanent positions	$1,763,949	$2,213,081	$2,354,933
Other positions	2,000,550	2,561,160	2,537,515
Regular pay in excess of 52-week base	6,785	8,493	9,092
Payment above basic rates	79,380	54,356	24,460
Total personal services	3,850,664	4,837,090	4,926,000
02 Travel	136,332	170,385	162,900
03 Transportation of things	105,750	133,295	118,545
04 Communication services	23,195	57,500	51,420
05 Rents and utility services	42,177	63,480	50,320
06 Printing and reproduction	24,843	25,120	20,020
07 Other contractual services	2,456,978	2,279,773	2,061,690
Services performed by other agencies	49	2,400	
08 Supplies and materials	1,845,621	2,544,732	1,448,170
09 Equipment	922,947	1,086,685	823,130
10 Lands and structures	9,474,988	8,847,132	10,312,058
11 Grants, subsidies, and contributions	88,350	60,000	40,000
15 Taxes and assessments	8,486	6,310	4,110
Subtotal	18,980,380	20,113,902	20,018,363
Deduct charges for quarters and subsistence	54,262	57,366	58,550
Total obligations from appropriated funds	18,926,118	20,056,536	19,959,813
Reimbursements from non-Federal sources:			
09 Equipment	7,274	3,000	3,800
Total direct obligations	18,933,392	20,059,536	19,963,613
Obligations Payable Out of Reimbursements From Other Accounts			
08 Supplies and materials	88,220	51,353	
Obligations incurred	19,021,612	20,110,889	19,963,613

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year:			
Appropriation	$5,374,053	$7,656,330	$9,212,866
Contract authorization	1,380,000		
Obligaions incurred during the year	19,021,612	20,110,889	19,963,613
	25,775,665	27,767,219	29,176,479
Deduct:			
Adjustment in obligations of prior years	3,335,263		
Reimbursements	95,494	54,353	3,800
Obligations transferred to "Construction (liquidation of contract authorization), Bureau of Indian Affairs"	1,380,000		
Unliquidated obligations, end of year (appropriation)	7,656,330	9,212,866	12,172,679
Total expenditures	13,308,578	18,500,000	17,000,000
Expenditures are distributed as follows:			
Out of current authorizations	13,308,578	4,000,000	5,000,000
Out of prior authorizations		14,500,000	12,000,000

Mr. JENSEN. Going to construction, in the fiscal year 1954 Congress appropriated $15,869,000 for construction. The request for 1955 is $10,336,000, a decrease of $5,533,000.

BUILDINGS AND UTILITIES

Insert page 79 of the justifications into the record.
(The material is as follows:)

1. *Buildings and utilities*

Projects		*Estimate 1955*
1. States (exclusive of Navaho-Hopi)		$330,000
Pierre, S. Dak.:		
(*a*) School, sewage improvements	$50,000	
San Carlos, Ariz.:		
(*b*) Agency, sewage improvements	30,000	
Sequoyah, Okla.:		
(*c*) School, sewage improvements	50,000	
(*d*) Major repairs and improvements	200,000	
2. Navaho-Hopi		4,223,000
Keams Canyon (Hopi), Ariz.:		
(*a*) School, improvement of facilities	1,300,000	
Shiprock, N. Mex.:		
(*b*) School facilities	813,000	
(*c*) Hospital facilities	1,775,000	
(*d*) Communications	70,000	
(*e*) Major repairs and improvements	140,000	
(*f*) Water exploration and development	125,000	
Total estimate		4,553,000

Mr. JENSEN. Will you review this request briefly? You can eliminate discussion about the Navaho Reservation as we have already gone into that.

Mr. GREENWOOD. Mr. Chairman, this request of $10,336,000 is to provide funds for construction in three principal categories: buildings and utilities; roads and trails; and irrigation systems. Of the total request, $4,553,000 is for buildings and utilities. In most cases that request is for funds to improve sewage systems at schools and agencies. The largest part of the request is for the reconstruction of the Shiprock Hospital, about which we have already had some discussion; and $1,300,000 for the Keams Canyon school dormitories. The balance of the request is for major repairs and improvements and for continuing the water exploration and development program.

Mr. JENSEN. So by this decreased appropriation you are not stopping any construction that is now in progress?

Mr. GREENWOOD. No, sir.

Mr. JENSEN. Are you slowing up any projects?

Mr. GREENWOOD. No, sir, no projects that are now under construction.

Mr. JENSEN. Then the reason for this decrease is that some construction projects have been completed?

Mr. GREENWOOD. That is correct; and also in accordance with the recommendations of the survey team that made a complete survey of the Bureau, we are re-evaluating and reviewing the Navaho program before requesting any additional funds for new educational facilities on the Navaho. So the request for next year does not include any money for such facilities on the Navaho.

KERR SUBSTATION

Mr. JENSEN. You are requesting $75,000 for the Kerr substation in Montana to tie into the Montana Power System. Should not the Montana Power Co. build that substation with their own money?

Mr. GREENWOOD. That substation services the lines that the Bureau of Indian Affairs has constructed to serve the lands of the Flathead irrigation project. We buy the power from the Montana

Power Co. so that the company, I am sure, would not be interested in providing the necessary money for this work.

Mr. JENSEN. Did you ever ask them?

Mr. GREENWOOD. I could not say whether the project people have taken that up with them.

Mr. JENSEN. Before you spend the money, I would suggest that you ascertain whether or not they might not be willing to spend their own money to build that substation.

Mr. LEWIS. Mr. Chairman, it is a very commonplace thing for power companies to have variable rates. In other words, to oversimplify it, if you have a well where you are going to have quite a heavy load and put in your own transformer, you come under one rate. If they furnish the transformer, a different rate applies. I think it would be well for us to know. It would seem better for us to be in the business of doing the Indian work to as great an extent as possible and paying for the service to the extent the service is rendered, rather than the capital investment, if we could. I know that is the policy of the Indian Bureau. This may have been looked into, but I think it is well to be absolutely certain that it has been looked into.

Mr. JENSEN. Generally speaking, the power companies charge the same rates whether or not they furnish all the facilities. The power rates are set by a commission in most States.

Mr. LEWIS. Not when you get into your extremely heavy transformers, where the installation costs run many, many thousands of dollars. They often in the Far West have two rates.

Mr. JENSEN. If we can unload that expenditure on the power company, I certainly think that it would be well to do so. At least, see what can be done about it.

Mr. GREENWOOD. We will certainly look into it, Mr. Chairman.

IRRIGATION

Mr. JENSEN. I see you are requesting $880,000 to irrigate 2,000 acres in the Colorado River project. That seems rather high. Would it not be possible instead of using concrete lining on the canals—which I presume is contemplated—to use what they call a membrane lining, which is a mixture of asphalt and some other substances?

Mr. GREENWOOD. I do not know whether that is feasible here, Mr. Chairman. We do that for many of our projects rather than concrete linings.

Mr. JENSEN. I know that. But in this case I believe you are proposing to use concrete.

Mr. GREENWOOD. That is correct, sir.

Mr. JENSEN. Compared with the membrane lining, I believe concrete costs possibly 2 or 3 times more. Will you look into that?

Mr. GREENWOOD. Yes, sir, we certainly will, Mr. Chairman, the $880,000, of course, is not intended just to benefit the 2,000 acres. That is one item, but the works that will be constructed with the funds from this estimate will ultimately serve more than the 2,000 acres.

Mr. JENSEN. How much more?

Mr. GREENWOOD. Offhand, I do not know.

Mr. JENSEN. You can furnish that for the record and any other information that you think would be enlightening to the committee.

(The material referred to follows:)

The ultimate irrigable area at the Colorado River project is 100,000 acres. The work to be accomplished under the budget estimate of $880,000 for 1955 is for the benefit of the entire project. While only 2,000 acres are to be cleared and leveled the canal, lateral, ditch, and drainage canal work is part of the overall development. The use of concrete for lateral lining is necessary because membrane lining would deteriorate too rapidly in the high-temperature zone where this project is located.

Mr. JENSEN. For the Blackfeet Reservation project in northwestern Montana, you are asking for $80,000 for construction. Reading from the justifications:

This project was initiated in 1908 under the Bureau of Reclamation and continued until 1938. Thereafter minor construction was continued; as funds were made available for separate irrigation units embracing 38,000 acres, they have been partially constructed, but none have been completed. The present irrigation facilities consist primarily of 4 diversions from local streams, 2 storage reservoirs, 13 miles of feeder canals and approximately 390 miles of distribution canals and laterals.

This expenditure, together with present costs, would make a total investment of $2,635,000 for the full development of 52,000 acres, or an average per acre of $50.68.

If estimates for irrigation of land of $50 an acre are correct, this should be a logical place to expand irrigation.

Mr. GREENWOOD. That is the difficulty, of course, with a number of our projects. They have not been completed, and it is partly the answer to the question you raised previously as to why construction charges should not be collected. Of course, until the project is completed and you know what the final cost is, you cannot determine what the per acre construction charge is.

Mr. JENSEN. The reason I bring that up is because this other project, the Colorado River irrigation project, is costing many times $50 an acre,

Mr. GREENWOOD. The reason for the low per acre cost here is that a large part of this work was done when costs were much lower than they are today.

Mr. JENSEN. I understand that, but costs have not gone up that much.

Mr. GREENWOOD. The Colorado River project is a comparatively recent project.

Mr. JENSEN. This was something I felt it was proper for the Department to consider.

Mr. UTZ. Mr. Chairman, may I make one comment on that. I think one of the reasons for the very different type of development on the Colorado River as compared to the Blackfeet Reservation, is the fact that you have a growing season of around 90 days on the Blackfeet Reservation and as a result you have a very limited number of crops that can be grown. You would not be able to justify a very expenditure in that northern area, which is right up close to the Canadian line. But on the Colorado River, you have a growing season almost the year round, and the income per acre of crops grown on the Colorado River will probably be at least five times, I would say, the value that was grown per acre on the Blackfeet Reservation.

As a result, you will need in order to irrigate throughout the year, a very different system and you are justified in putting a great deal more money in it than you would be on a system which you would only use for a very short growing season—and then only for feed crops for the most part. That makes for a major difference in the

two systems. I suppose the Colorado River project, even with operation by inexperienced Navaho and Hopi settlers is running well over $100 per acre of income, and ultimately will run probably in the neighborhood of $300—as are most of the other projects in that area. I believe the Yuma area runs pretty close to $300 per acre. Is that not right, Mr. Lewis, $250 to $300 an acre?

Mr. LEWIS. Gross, yes, at present prices.

Mr. UTZ. The Blackfeet area at present prices, produces crops valued at probably $50 per acre. That is one of the big reasons why your cost down at Colorado River is higher. You need to use concrete lining down there because your membrane lining will melt. Your asphalt membrane in that hot temperature down there will melt and it will not stay in place. You also need concrete for lining those areas where blow sands are common. The concrete lining is very thin as compared to what it is in the northern sections. The difference in cost between concrete and the membrane on the Colorado River project will be comparatively little. In Montana where you must use reinforced concrete so that it will not break during freezing conditions, the membrane works beautifully. Those are some of the major reasons why there is a difference in cost between the two projects.

GENERAL ADMINISTRATIVE EXPENSES

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$3,525,647	$3,000,000	$3,000,000
Reimbursements from non-Federal sources	329		1,775
Reimbursements from other accounts	2,110	3,000	
Total available for obligation	3,528,086	3,003,000	3,001,775
Unobligated balance, estimated savings	−45,475		
Obligations incurred	3,482,611	3,003,000	3,001,775

NOTE.—Reimbursements from non-Federal sources above are from the proceeds of sale of personal property (40 U. S. C. 481 (c)).

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
Direct Obligations			
Appropriated funds:			
1. Departmental office	$788,319	$790,000	$790,000
2. Field offices	2,691,853	2,210,000	2,210,000
Total obligations from appropriated funds	3,480,172	3,000,000	3,000,000
Reimbursements from non-Federal sources:			
3. Replacement of personal property sold	329		1,775
Total direct obligations	3,480,501	3,000,000	3,001,775
Obligations Payable Out of Reimbursements From Other Accounts			
1. Departmental office	1,622	2,000	
2. Field offices	488	1,000	
Total obligations payable out of reimbursements from other accounts	2,110	3,000	
Obligations incurred	3,482,611	3,003,000	3,001,775

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Total number of permanent positions	676	515	515
Full-time equivalent of all other positions	3	2	2
Average number of all employees	600	504	498
Average salaries and grades:			
General schedule grades:			
Average salary	$4,463	$4,561	$4,615
Average grade	GS–6.2	GS–6.4	GS–6.4
Direct Obligations			
Appropriated funds:			
01 Personal services:			
Permanent positions	$2,833,496	$2,497,551	$2,506,232
Other positions	10,031	5,110	4,425
Regular pay in excess of 52-week base	10,893	9,614	9,435
Payment above basic rates	50,568	27,350	27,350
Total personal services	2,904,988	2,539,625	2,547,442
02 Travel	126,871	131,452	129,500
03 Transportation of things	15,482	14,525	14,225
04 Communication services	79,659	100,384	105,000
05 Rents and utility services	32,152	29,030	28,280
06 Printing and reproduction	23,093	20,450	25,950
07 Other contractuals services	135,210	115,572	107,519
08 Supplies and materials	142,321	113,076	108,300
09 Equipment	68,214	16,102	14,000
10 Land and structures	2,164		
11 Grants, subsidies, and contributions	9,084		
13 Refunds, awards, and indemnities	106		
15 Taxes and assessments	3,410	3,360	3,360
Subtotal	3,542,754	3,083,576	3,083,576
Deduct charges for quarters and subsistence	62,582	83,576	83,576
Total obligations from appropriated funds	3,480,172	3,000,000	3,000,000
Reimbursements from non-Federal sources:			
09 Equipment	329		1,775
Total direct obligations	3,480,501	3,000,000	3,001,775
Obligations Payable Out of Reimbursements From Other Accounts			
07 Other contractual services	1,622	3,000	
08 Supplies and materials	488		
Total obligations payable out of reimbursements from other accounts	2,110	3,000	
Obligations incurred	3,482,611	3,003,000	3,001,775

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year	$320,370	$379,443	$317,443
Obligations incurred during the year	3,482,611	3,003,000	3,001,775
	3,802,981	3,382,443	3,319,218
Deduct:			
Adjustment in obligations of prior years	17,349		
Reimbursements	2,439	3,000	1,775
Unliquidated obligations, end of year	379,443	317,443	217,443
Total expenditures	3,403,750	3,062,000	3,100,000
Expenditures are distributed as follows:			
Out of current authorizations	3,100,729	2,727,000	2,800,000
Out of prior authorizations	303,021	335,000	300,000

Mr. JENSEN. Now we will go to general administrative expenses. In addition to the direct appropriations, how much of the tribal funds, if any, are made available to supplement your general administrative activities?

Mr. GREENWOOD. In 1954, Mr. Chairman, this current fiscal year, approximately $420,000 of tribal funds were budgeted for administrative purposes. In 1955 we estimate the expenditure will be approximately $397,000.

Mr. JENSEN. You are reading from a Statement of Appropriations, Transferred Funds, and Contributions, Fiscal Year 1954 and Fiscal Year 1955, are you not?

Mr. GREENWOOD. That is correct.

Mr. JENSEN. Without objection, that table will be inserted in the record.

(The material referred to follows:)

BUREAU OF INDIAN AFFAIRS

Statement of appropriations, transferred funds, and contributions

Appropriation and activity	Fiscal year 1954				Fiscal year 1955			
	Appropriation	Transfers	Contributions and tribal funds	Total	Appropriation	Transfers	Contributions and tribal funds	Total
Health, education, and welfare services:								
1. Hospitals, disease preventive and curative services	$21,400,000		$259,612	$21,659,612	$23,000,000		$260,812	$23,260,812
2. Educational assistance, facilities and services	26,227,000		769,761	26,996,761	26,436,970		691,071	27,128,041
3. Welfare and guidance services	3,440,000		194,850	3,634,850	3,581,280		194,700	3,775,980
4. Placement and relocation services	579,600			579,600	750,000			750,000
5. Maintaining law and order	353,400		173,952	527,352	337,070		169,772	506,842
Subtotal	52,000,000		1,398,175	53,398,175	54,105,320		1,316,355	55,421,675
Resources management:								
1. Forest and range lands	2,176,119		306,324	2,482,443	2,085,000		407,017	2,492,017
2. Fire suppression	140,000			140,000	140,000			140,000
3. Agricultural and industrial assistance	1,838,982		123,049	1,962,031	1,798,900		106,370	1,905,270
4. Soil and moisture conservation	2,671,672		5,472	2,677,144	2,545,000		4,900	2,549,900
5. Operation, repair and maintenance of Indian irrigation systems	854,000		3,400,000	4,254,000	814,500		3,400,000	4,214,500
6. Repair and maintenance of roads and trails	2,020,000			2,020,000	2,270,000			2,270,000
7. Development of Indian arts and crafts	44,513		3,550	48,063	44,510		3,550	48,060
8. Management of Indian trust property	1,346,100		244,292	1,590,392	1,545,000		245,051	1,790,051
9. Repair and maintenance of buildings and utilities	1,862,374		131,914	1,994,288	1,850,000		109,452	1,959,452
10. Weed control	300,000			300,000				
Subtotal	13,253,760		4,214,601	17,468,361	13,092,910		4,276,340	17,369,250
Construction:								
1. Buildings and utilities	8,369,000		701,300	9,070,300	4,553,000		26,300	4,579,300
2. Roads and trails	4,000,000			4,000,000	2,897,000			2,897,000
3. Irrigation systems	3,500,000			3,500,000	2,886,000			2,886,000
4. Land acquisition			109,531	109,531			264,461	264,461
Subtotal	15,869,000		810,831	16,679,831	10,336,000		290,761	10,626,761
General administrative expenses	3,000,000		420,493	3,420,493	3,000,000		397,122	3,397,122
Miscellaneous projects:								
1. Miscellaneous tribal activities			10,126,217	10,126,217			11,126,687	11,126,687
2. Payments to Indian tribes or individual Indians			13,140,500	13,140,500			13,140,500	13,140,500
3. Advances to Indian tribes			940,483	940,483			503,535	503,535
Grand total	84,122,760		31,051,300	115,174,060	80,534,230		31,051,300	111,585,530

Projects undertaken with contributed funds (trust funds and permanent appropriations)

		Fiscal year 1954
Income received by Indian tribes		$25,000,000
Hospitals, disease preventive, and curative services	$221,220	
Educational assistance, facilities, and services	108,645	
Welfare and guidance services	194,850	
Maintaining law and order	173,952	
Forest and range lands	306,324	
Agricultural and industrial assistance	123,049	
Soil and moisture conservation	5,472	
Development of Indian arts and crafts	2,750	
Management of Indian trust property	244,292	
Repair and maintenance of buildings and utilities	131,914	
Construction, buildings and utilities	701,300	
Land acquisition	99,531	
General administrative expenses	420,493	
Miscellaneous tribal activities	8,325,725	
Payments to Indian tribes	13,000,000	
Advances to Indian tribes	940,483	
Receipts of Indian projects		2,500,000
Hospitals, disease preventive, and curative services	38,392	
Educational assistance, facilities, and services	661,116	
Miscellaneous tribal activities	1,800,492	
Power revenues		1,600,000
Operation, repair and maintenance of Indian irrigation systems	1,600,000	
Assessment collections from water users		1,800,000
Operation, repair, and maintenance of Indian irrigation systems	1,800,000	
Annual treaty payments to certain Indian tribes		140,500
Payments to Indian tribes	140,500	
Revenues from mineral deposits		10,000
Land acquisition	10,000	
Fees charged for use of Government trade-marks		800
Development of Indian arts and crafts	800	
Total		31,051,300

Navaho-Hopi Rehabilitation Program

Mr. Jensen. Will you insert in the record a table showing the money appropriated for the Hopi and Navaho rehabilitation program?

Mr. Greenwood. Yes, Mr. Chairman. We have such a table prepared.

Mr. Jensen. Similar to the one you inserted last year.

Mr. Greenwood. Very well, sir.

(The material referred to follows:)

Bureau of Indian Affairs

Progressive statement of appropriations for Navaho and Hopi 10-year program applied to categories contained in Public Law 474, 81st Cong.

	Rehabilitation authorization Public Law 474, 81st Cong. (1)	Appropriation 1951 (2)	Appropriation 1952 (3)	Appropriation 1953 (4)	Appropriation 1954 (5)	Budget estimate 1955 (6)	Balance available under authorization (col. 1 minus cols. 2 through 6)	Appropriation title in regular Interior Department appropriation bill
1. Soil and moisture conservation and range improvement work.	$10,000,000	$300,000	$538,300	$570,000	$648,500	$545,500	$7,397,700	Resources management.
2. Construction, irrigation projects on Navaho	9,000,000	567,475	277,300	495,000	711,000	645,000	6,304,225	Construction.
3. Surveys and studies of timber, coal, minerals, etc.	500,000	15,545	125,000	125,000	101,310	17,510	115,635	Resources management.
4. Development of industrial and business enterprises	1,000,000	52,000	52,000	52,000	52,000	10,000	782,000	Do.
5. Off-reservation employment	3,500,000	194,600					3,305,400	Health, education, and welfare. [1]
6. Relocation and resettlement of Navaho-Hopi Indians (Colorado River irrigation).	5,750,000	800,000	387,500	442,000	425,000	440,000	3,255,500	Construction.
7. Roads and trails	20,000,000	960,000	858,000	1,430,000	1,330,000	937,000	14,485,000	Do.
8. Telephone and radio communication systems	250,000	105,200	88,000	56,800				Do.
9. Agency, institutional, and domestic water supply	2,500,000	542,200	136,000	125,000	100,000	125,000	1,471,800	Do.
10. Revolving loan fund	5,000,000		800,000	1,000,000			3,200,000	Revolving fund for loans.
11. Hospital and health facilities [2]	4,750,000	742,300	340,000	1,395,000	235,000	1,775,000	262,700	Construction.
12. Educational facilities [2]	25,000,000	3,994,800	3,073,000	3,375,000	6,171,000	2,113,000	6,273,200	Do.
13. Housing and necessary facilities and equipment	820,000	26,300					793,700	Do.
14. Common service facilities	500,000	345,100		150,000			4,900	Do.
Total	88,570,000	8,645,520	6,675,100	9,215,800	9,773,810	6,608,010	47,651,760	

[1] The 1951 program was for the construction of an overnight lodge for the Indians and was carried in the construction title of the 1951 appropriation.
[2] For construction of facilities.

Mr. JENSEN. All right, gentlemen, that will conclude the hearing on the Indian Bureau. We are very glad, Mr. Emmons, you could be with us during all the hearings on the Indian Bureau.

Mr. EMMONS. I appreciate the opportunity of being with you, Mr. Chairman.

Mr. JENSEN. We appreciate the information which you and your staff have given us and the great interest you are taking in this problem.

Mr. EMMONS. We will make every dollar count, Mr. Chairman. I assure you that.

TRIBAL FUNDS

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$21,739,633	$25,000,000	$25,000,000
Prior year balance available	83,783,288	81,634,375	85,488,509
Reimbursements from non-Federal sources			1,000
Reimbursements from other accounts	368,057	300,000	300,000
Total available for obligation	105,890,978	106,934,375	110,789,509
Balance available in subsequent year	−81,634,375	−85,488,509	−88,906,550
Unobligated balance returned to unappropriated receipts	−276		
Obligations incurred	24,256,327	21,445,866	21,882,959

NOTE.—Reimbursements from non-Federal sources above are from the proceeds of sale of personal property (40 U. S. C. 481 (c)).

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
1. Permanent authorizations:			
(a) Payment to Indian tribes	$16,584,253	$11,071,859	$9,864,900
(b) Miscellaneous tribal activities	5,409,471	6,393,524	8,513,524
2. Annual authorizations:			
(a) Health, education, and welfare services	665,142	698,667	685,437
(b) Resources management	622,089	813,801	875,540
(c) Construction and land acquisition	108,992	800,831	280,761
(d) General tribal affairs	615,585	726,701	1,158,282
3. Indefinite authorizations:			
(a) Advances to Indian tribes	250,795	940,483	503,535
4. Reimbursements from non-Federal sources:			
(a) Replacement of personal property sold			1,000
Obligations incurred	24,256,327	21,445,866	21,882,959

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Total number of permanent positions	273	271	271
Full-time equivalent of all other positions	724	725	728
Average number of all employees	983	980	985
Average salaries and grades:			
General schedule grades:			
Average salary	$4,005	$4,094	$4,173
Average grade	GS–5.1	GS–5.1	GS–5.2
Crafts, protective, and custodial grades:			
Average salary	$3,437	$3,528	$3,597
Average grade	CPC–5.3	CPC–5.3	CPC–5.3
Ungraded positions: Average salary	$3,753	$3,753	$3,377
01 Personal services:			
Permanent positions	$1,006,816	$1,012,210	$1,030,734
Other positions	1,734,445	1,734,533	1,740,611
Regular pay in excess of 52-week base	4,225	4,338	4,850
Payment above basic rates	10,154	11,837	12,315
Total personal services	2,755,640	2,762,918	2,788,510
02 Travel	104,252	110,252	113,245
03 Transportation of things	17,452	18,795	19,275
04 Communication services	9,820	24,505	36,535
05 Rents and utilities services	32,451	34,700	37,000
06 Printing and reproduction	2,950	2,500	3,100
07 Other contractual services	887,022	892,100	998,420
08 Supplies and materials	995,400	982,500	1,089,865
09 Equipment	102,470	74,500	76,000
10 Lands and structures	219,097	387,078	385,800
11 Grants, subsidies, and contributions	1,261,910	1,271,343	1,371,484
12 Pensions, annuities, and insurance claims	16,727,929	13,540,800	13,550,000
16 Investments and loans	1,175,309	1,380,250	1,450,000
Subtotal	24,291,702	21,482,241	21,919,334
Deduct charges for quarters and subsistence	35,375	36,375	36,375
Obligations incurred	24,256,327	21,445,866	21,882,959

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year	$644,246	$1,383,658	$1,029,524
Obligations incurred during the year	24,256,327	21,445,866	21,882,959
	24,900,573	22,829,524	22,912,483
Deduct:			
Reimbursements	368,057	300,000	301,000
Unliquidated obligations, end of year	1,383,658	1,029,524	911,483
Total expenditures	23,148,858	21,500,000	21,700,000

TUESDAY, FEBRUARY 2, 1954.

OFFICE OF TERRITORIES

WITNESSES

ORME LEWIS, ASSISTANT SECRETARY FOR PUBLIC LAND MANAGEMENT
ANTHONY T. LANSI, DEPUTY DIRECTOR
WILLIAM A. ARNOLD, ASSISTANT DIRECTOR FOR INSULAR AFFAIRS
WILLIAM C. STRAND, DIRECTOR, OFFICE OF TERRITORIES
D. H. NUCKER, EXECUTIVE OFFICER
LESTER M. MARX, DEPUTY PUBLIC WORKS ADVISER
MORRIS F. DE CASTRO, GOVERNOR OF THE VIRGIN ISLANDS
KENNETH A. BARTLETT, PRESIDENT, VIRGIN ISLANDS CORPORATION
A. F. GHIGLIONE, COMMISSIONER OF ROADS FOR ALASKA, ALASKA ROAD COMMISSION
FRANK E. KALBAUGH, GENERAL MANAGER, THE ALASKA RAILROAD
FRANK E. MIDKIFF, HIGH COMMISSIONER OF THE TRUST TERRITORY OF THE PACIFIC ISLANDS
J. A. McCONNELL, DEPUTY HIGH COMMISSIONER OF THE TRUST TERRITORY OF THE PACIFIC ISLANDS
A. M. EDWARDS, CHIEF COUNSEL, OFFICE OF TERRITORIES
FRANK HEINTZLEMAN, GOVERNOR OF ALASKA
GEORGE ROGERS, ASSISTANT TO GOVERNOR OF ALASKA

Mr. JENSEN. We are pleased to have with us the Director of the Office of Territories, Mr. William C. Strand. This being your first appearance before the committee, Mr. Strand, and it being the custom to ask men of high position in the Interior Department to give a short résumé of their life, we will ask you to do likewise. So you may proceed.

BACKGROUND OF DIRECTOR

Mr. STRAND. Thank you, Mr. Chairman. Members of the committee, my background is that of a newspaperman who has watched the operations of government and written about them for a good many years. I was born in Chicago and went to college at Brown University and Washington University in St. Louis, Mo., and became a cub reporter in Chicago in 1934. In 1937 I joined the staff of the Chicago Tribune and I worked for the Tribune in Chicago covering the statehouse in Springfield, in Washington, and abroad for a shade over 10 years.

Thereafter I went to Alaska and headed a newspaper in Alaska for 3 years; and when I left the Territory after the death of the publisher of the newspaper that I worked for, I returned to Washington and I was city editor of the Times-Herald when Secretary McKay honored me by appointing me Director of the Office of Territories. That brings me up to date. Since last May 1, I find myself rather heavily engaged in such a way as to make me wonder about the propriety of some of the stories I may have written about the bureaucrats.

General Statement

Mr. Jensen. Mr. Strand, do you have a statement you would like to make at this time?

Mr. Strand. Yes, Mr. Chairman. I have a very brief statement which touches on some of the highlights in the 1955 budget request for the Office of Territories. It has some figures and I would like to be precise. If the committee will bear with me, I would like to skim over it very quickly.

This is my first opportunity to appear before this committee and present for its consideration the estimates of the financial needs of the activities under the jurisdiction of the Office of Territories for the fiscal year 1955. These areas of responsibility delegated to the Office of Territories include (1) liaison and representation in Washington, preparation of legislation, testifying before congressional committees, and contacts with other Federal agencies on behalf of the Territorial governments and the Trust Territory of the Pacific Islands; (2) initiation and support of programs for economic advancement of the island populations and measures for increased self-government; (3) care of the Alaska insane; and (4) management and supervisory responsibilities for the Alaska Railroad, the Alaska Road Commission, the Alaska and Virgin Islands public-works programs, the Puerto Rico Reconstruction Administration, and the Virgin Islands Corporation. A thorough study of the needs of each of the 14 activities under our jurisdiction has been made during the past year. I am pleased to be able to state that, in my opinion, while reducing the total amount requested for the Office of Territories by $2,312,300 below the 1954 appropriation, we have provided for the most essential and pressing needs of each activity.

I should like to touch on the major differences in this request as compared with the 1954 appropriation and later furnish any detailed information which the committee may desire regarding Territorial programs.

Administration of Territories: The $3,775,000 requested herein for this activity is $246,300 less than the amount appropriated in 1954. The major portion of this decrease represents a reduction of $245,000 in the amount requested for "Grants to the municipalities of the Virgin Islands" to supplement local revenues.

Trust Territory of the Pacific Islands: The estimate of $5,825,000 for trust territory programs is $1,525,000 more than the amount appropriated for 1954. This increase is due primarily to the need for $1,500,000 to cover the initial phase of a badly needed construction and replacement program which is planned for 1955, which includes provision for new construction of hospitals, powerplants, refrigeration units, family quarters and other utilities, and the purchase of equipment.

Alaska public works: The $5 million requested covers the cost of most urgently needed projects such as schools, streets, sewer extensions, and utilities which we believe should be undertaken at the earliest possible time.

Construction of roads, Alaska: The $9,940,000 requested for 1955 is thought to be the minimum amount which, if appropriated, will

permit an economical and feasible continuation of construction projects now in progress as a result of prior-year appropriations. No funds are being requested for starting new projects.

Operation and maintenance of roads, Alaska: It is estimated that $3,500,000 will be required in 1955 to maintain the road system in Alaska. This amount represents an increase of $500,000 which is necessary to cover the cost of maintaining additional mileage of roads and to protect the investment in existing roads.

Virgin Islands public works: We are requesting $890,000 to construct and equip an elementary school on St. Thomas. This will permit a continuation of the school construction program which is so greatly needed if adequate schools are to be available for the youth of the Virgin Islands.

Construction, Alaska Railroad: The $11,994,000 requested for the Alaska Railroad includes $2,900,000 to continue construction of the new dock at Seward for which $1,500,000 was appropriated in 1954. Also $9,094,000 is included for improvements to the track and other facilities on the Seward-Portage section of the line. Funds for the latter purpose are again requested because this section is so important to the civilian economy and military program in Alaska. In its present condition it is hazardous and very costly to operate.

Virgin Islands Corporation: The $682,000 requested for "Grants to the Virgin Islands Corporation" includes $522,000 for past and estimated future operating losses, and $160,000 to cover the estimated cost of the programs for water and soil conservation, promotion of tourism, and forestry. No funds are requested under the revolving fund for capital investments in 1955, whereas $1,028,000 was made available in 1954.

WEDNESDAY, FEBRUARY 3, 1954.

ADMINISTRATION OF TERRITORIES

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$9,320,287	$4,021,300	$3,775,000
Reimbursements from other accounts	2,464	500	500
Total available for obligations	9,322,751	4,021,800	3,775,500
Unobligated balance, estimated savings	−353,912	−42,000	
Obligations incurred	8,968,839	3,979,800	3,775,500
Comparative transfer to "Trust Territory of the Pacific Islands, Office of Territories"	−5,222,229		
Total obligations	3,746,610	3,979,800	3,775,500

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
Direct Obligations			
1. Territory of Alaska:			
(a) Governor's office	$109,681	$110,500	$97,400
(b) Legislative expenses	47,429		48,000
(c) Care and custody of Alaskan insane	532,618	798,600	784,600
2. Territory of Hawaii:			
(a) Governor's office	41,177	42,200	41,600
(b) Legislative expenses	46,667		46,700
3. Virgin Islands:			
(a) Governor's office	303,018	332,000	318,000
(b) Grants to municipalities	745,000	745,000	500,000
4. Guam:			
(a) Governor's office	57,924	58,500	53,400
(b) Legislative expenses	19,620	23,300	23,300
(c) Administration of sec. 26 (c) Public Law 630, 81st Cong	149,800		
5. American Samoa:			
(a) Governor's office	54,678	56,400	56,400
(b) Grants	1,290,000	1,434,000	1,434,000
(c) Legislative expenses	20,180	27,000	28,000
(d) Chief Justice and High Court	23,771	32,600	32,600
6. Canton Island administration	6,177	17,200	9,000
7. General administration	296,406	302,000	302,000
Total direct obligations	3,744,146	3,979,300	3,775,000
Obligations Payable Out of Reimbursements From Other Accounts			
7. General administration	2,464	500	500
Total obligations	3,746,610	3,979,800	3,775,500

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Summary of Personal Services			
Total number of permanent positions	225	138	227
Full-time equivalent of all other positions	49	59	58
Average number of all employees	262	191	279
Average salaries and grades:			
General schedule grades:			
Average salary	$5,780	$6,002	$5,758
Average grade	GS-8.3	GS-8.5	GS-8.1
Crafts, protective and custodial grades:			
Average salary	$2,715	$2,776	$2,870
Average grade	CPC-2.8	CPC-2.8	CPC-2.8
Ungraded positions: Average salary	$949	$1,100	$984
Personal service obligations:			
Permanent positions	$734,199	$690,004	$765,209
Other positions	49,985	83,219	79,205
Regular pay in excess of 52-week base	2,705	2,835	2,856
Payment above basic rates	79,927	41,241	36,392
Other payments for personal services	1,271		
Total personal service obligations	868,087	817,299	883,662
Direct Obligations			
01 Personal services	866,347	817,299	883,662
02 Travel	187,743	63,003	74,875
03 Transportation of things	31,603	4,500	4,100
04 Communication services	16,618	15,850	15,250
05 Rents and utility services	2,677	3,345	3,300
06 Printing and reproduction	13,063	16,750	15,850
07 Other contractual services	548,405	810,323	784,754
08 Supplies and materials	30,581	55,710	48,229
09 Equipment	9,659	10,250	7,900
11 Grants, subsidies, and contributions	2,036,688	2,181,000	1,936,000
15 Taxes and assessments	762	1,270	1,080
Total direct obligations	3,744,146	3,979,300	3,775,000

Obligations by objects—Continued

Object classification	1953 actual	1954 estimate	1955 estimate
Obligations Payable Out of Reimbursements From Other Accounts			
01 Personal services	$1,740		
02 Travel	11		
04 Communication services	713	$500	$500
Total obligations payable out of reimbursements from other accounts	2,464	500	500
Total obligations	3,746,610	3,979,800	3,775,500

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year	$271,735	$190,512	$100,000
Adjustment in obligations of prior years	2,054		
Obligations incurred during the year	8,968,839	3,979,800	3,775,500
	9,242,628	4,170,312	3,875,500
Deduct:			
Reimbursements	2,464	500	500
Unliquidated obligations, end of year	190,512	100,000	100,000
Total expenditures	9,049,652	4,069,812	3,775,000
Expenditures are distributed as follows:			
Out of current authorizations	8,811,556	3,904,812	3,685,000
Out of prior authorizations	238,096	165,000	90,000

Mr. JENSEN. Mr. Strand, I note you are asking for $3,775,000 for fiscal year 1955 for administration of Territories, which is $246,300 less than was appropriated last year. Have you read this Survey Report on the Office of Territories?

Mr. STRAND. Yes, sir.

SURVEY REPORT

Mr. JENSEN. Will you review it? We are particularly interested in the recommendations and whether they will affect your budget up or down.

Mr. STRAND. Mr. Chairman, when I took office last May I sensed that there was a rather untidy arrangement as to divisions, and a little bit of imbalance in that we had three area divisions, the Caribbean Division, the Pacific Division, and the Alaska Division. In the Caribbean, with Puerto Rico having been granted commonwealth status, our relations with Puerto Rico had almost disappeared. We were in there only to the extent of our supervision over the Puerto Rico Reconstruction Administration. The Division seemed to me a little more than was called for. On the basis of that, and in general to tighten up the organization, there was set up by the Secretary a Survey Committee which spent several weeks in going over our organization and our operation, and they came forward, under date of August 1, with a survey report which recommended the consolidation of the Pacific Division and the old Caribbean Division into the Insular Division, with of course the Alaska Division going ahead as it had in the past, handling the affairs of Alaska.

That was put into effect very shortly after August 1, and we were able to cut down the number of positions in the office here in Wash-

ington by 5 and effect a saving of approximately $35,000 a year. That, in turn, enabled us to catch up on a situation which had developed over the years.

We have 14 activities under the Office of Territories, the bulk of them in the field, and it followed that the number of employees in Washington is almost entirely concerned with the field activities and in some cases had been paid by those field activities which they were working for, but in Washington. In the future everybody who works in Washington will be paid on the Office of Territories payroll. That is separate from the public works which requires us to have a lawyer and engineering help here to supervise those programs and watch the programs in the field.

The result is that in taking over the payment of people in Washington working for field activities, we are able to come before you and ask for no increases in our appropriations.

Mr. JENSEN. The first major recommendation reads:

> Major recommendations are contained in exhibit D, wherein the survey team recommends that lines of authority and organization relationships should be clarified; that the operating procedures of the Office of Territories should be made more effective; that the number of personnel should be reduced from 72 to 61, at an annual saving of approximately $60,340; and that the headquarters office should be reorganized so that it may operate more effectively.

Does this budget include the $60,340 which is herein mentioned?

Mr. NUCKER. The $60,340 potential savings includes approximately $25,000 which is paid to point 4 employees who work under Mr. Strand's direction but who are paid from funds of the State Department. Consequently, the savings that would occur if these point 4 employees were transferred to the State Department would not result in a savings so far as this appropriation is concerned. The actual cash savings which this report would present in our operations and moneys which are appropriated for our use would be approximately $35,000.

Mr. JENSEN. The report further states:

> It is possible to accomplish further savings if the files of the Office of Territories are decentralized (see Recommendation 14, exhibit D) and if one additional attorney position is eliminated in the Office of the Chief Counsel. Six additional positions could be eliminated, at an annual saving of approximately $27,335, as detailed in exhibit J.

Do you agree with that?

Mr. NUCKER. That item is currently being reviewed because there is involved the elimination of a filing section and a distribution of the work to each of the division offices involved. There is some question as to whether a true and total saving could be made by the elimination of the filing section. Without it we might have to add employees in the various divisions to handle the workload. This could eliminate any prospective savings.

TERRITORY OF HAWAII

Mr. JENSEN. In the Territory of Hawaii the only increase you are requesting is for the biennial meeting of the legislature, for which $46,700 is requested. Is the Federal Government obligated by law to meet this expense?

Mr. NUCKER. Yes.

Mr. JENSEN. Insert in the record a list of the positions and other costs that make up the estimate of $41,600 for the Governor's office.

Mr. NUCKER. The Governor's office of Hawaii?

Mr. JENSEN. Yes. There is $88,300 requested for Hawaii.

Mr. STRAND. Pages 7 and 8 of the justifications have the breakdown on Hawaii.

Mr. JENSEN. We will insert those pages in the record.

(The matter referred to follows:)

TERRITORY OF HAWAII

(*a*) *Governor's office*

Subactivity	Adjusted appropriation	Decreases	Subtotal	Estimate, 1955	Increases
Personal services	$35,055		$35,055	$35,100	$45
Travel	3,000		3,000	3,000	
Communication services	1,100		1,100	1,100	
Printing and reproduction	1,000	$100	900	900	
Supplies and materials	2,045	545	1,500	1,500	
Total	42,200	645	41,555	41,600	45

During fiscal year 1954, $42,200 was approved for the operation, maintenance, and administration of the Governor's office. During 1955, $41,600 is requested for this same purpose.

Positions

Position title	Grade	Base salary
Personal services:		
Governor	Statutory	$15,000
Secretary of Hawaii	GS-15	11,050
Administrative assistant	GS-9	5,185
Permanent positions		31,235
Other positions		455
Payment in excess of 52-week base		110
Payment above basic rates		3,300
Total personal service obligations		35,100
Travel		3,000
Communication services		1,100
Printing and reproduction		900
Supplies and materials		1,500
Total, Governor's office		41,600

(*b*) *Legislative expenses*

Subactivity	Adjusted appropriation	Decreases	Subtotal	Estimate, 1955	Increases
Personal services				$45,000	$45,000
Travel				1,700	1,700
Total				46,700	46,700

This item provides for the compensation and mileage allowance of members of the Territorial legislature in accordance with the provisions of the Organic Act. No appropriation was made for the fiscal year 1954 as the legislature meets biennially. The amount requested herein is estimated as follows:

Personal services:		
Salaries of 15 Members of the Senate at $1,000	$15,000	
Salaries of 30 Members of the House at $1,000	30,000	
		$45,000
Travel		1,700
Total estimate		46,700

Mr. JENSEN. What will the revenues of Hawaii be for 1954 and how are they budgeted by major activities? Supply that for the record. (The matter referred to follows:)

Estimated revenues, Territory of Hawaii, for the biennium 1953–55

Source	*Amount*
Taxes:	
General excise	$40, 569, 750
Compensation and dividend	22, 672, 500
Net income	11, 565, 000
Liquor	3, 840, 116
Tobacco	2, 160, 082
Public utility	4, 400, 000
Bank excise	350, 000
Insurance premiums	1, 700, 000
Inheritance and estate	500, 000
Other tax revenues	432, 954
Subtotal, taxes	88, 190, 402
Nontaxes:	
Grants-in-aid	1, 069, 071
Rent of investment properties	2, 799, 626
Interest	818, 424
Others	76, 919
Subtotal, nontaxes	4, 764, 040
Earnings of general departments	1, 081, 676
Total revenue receipts	94, 036, 118
Nonrevenue receipts	2, 470, 155
Transfer receipts	1, 573, 307
Grand total	98, 079, 580
Proposed new revenues [1]	577, 578
Special fund revenues:	
Repayment from Hawaii Housing Authority	1, 171, 981
Repayment from Hawaii Aeronautics Commission	1, 469, 822
Total	101, 298, 961

[1] Analysis of proposed new revenues.

Estimated expenditures, territory of Hawaii, for the Biennium 1953–55

Activity	*Amount*
General government	$8, 236, 035
Protection of persons and property	3, 414, 499
Development and conservation of natural resources	1, 647, 859
Health and sanitation	3, 957, 182
Hospitals and institutions for handicapped	12, 323, 813
Charities	11, 291, 555
Correction	3, 090, 361
Schools	39, 936, 146
Libraries	1, 194, 540
Recreation	297, 819
Miscellaneous	8, 547, 436
Public service enterprises	149, 506
Interest	1, 606, 442
Debt obligations	5, 349, 000
Total, operating budget	101, 042, 193
Less fireboat	−149, 506
Capital improvements	406, 274
Total	101, 298, 961

GUAM

Mr. JENSEN. Going to Guam, we appropriated in 1954 $58,500 for the Governor's office in Guam, and you are requesting for 1955 $53,400, or a decrease of $5,100.

Insert in the record a list of the positions and other costs that make up the estimate of $53,400 for the Governor's office of Guam.

(The matter referred to follows:)

Governor of Guam

Position title	Grade	Base salary
Personal services:		
Governor	Statutory	$13,125
Secretary of Guam	GS-15	11,550
Administrative assistant	GS-7 (2)	8,660
Permanent positions		33,335
Regular pay in excess of 52-week base		100
Payment above basic rates		4,965
Total, personal services obligations		38,400
Travel		5,000
Transportation of things		500
Communication services		1,000
Rents and utility services		500
Printing and reproduction		2,000
Other contractual services		4,000
Supplies and materials		2,000
Total, Governor's office		53,400

Legislative expenses

Personal services:

Adjusted appropriation	$23,300
Estimate 1955	23,300

In accordance with the provisions of section 10 of the Organic Act there are 21 members of the Guam Legislature; section 18 limits regular sessions to 60 calendar days annually but permits special sessions and section 26 (e) sets up a per diem of $15 for each member out of sums to be appropriated annually by the Congress. It is estimated that there will be special sessions of not more than 14 days.

REVENUES

Mr. JENSEN. What will be the revenues of Guam for 1954 and how are they budgeted by major activities? Supply that for the record.

(The matter referred to follows:)

STATEMENT OF REVENUES AND EXPENDITURES, GUAM, FISCAL YEAR 1953

Revenues

Source	*Amount*
Taxes:	
Gross receipts:	
Sales	$728,073.75
Amusements	134,584.87
Internal revenue:	
Alcohol	231,480.36
Tobacco	67,620.44
Soft drinks	221,860.14
Gasoline	222,964.21
Cosmetics and jewelry	19,189.78
Personal	15,780.70
Head tax, dogs	2,340.00
Income	7,532,855.19
Motor-vehicle transfer	91,786.18
Total taxes	9,268,535.62

STATEMENT OF REVENUES AND EXPENDITURES, GUAM, FISCAL YEAR 1953—Con.

Revenues—Continued

Source	*Amount*
Licenses and permits:	
Vehicle operators	$33, 297. 83
Vehicle registration	163, 014. 00
Business licenses	111, 612. 75
Building permits	4, 175. 04
Cockpit franchises	14, 479. 02
Others	12, 242. 70
Total licenses and permits	338, 821. 34
Courts fees and penalties:	
Fees	16, 110. 50
Fines	38, 375. 30
Total court fees and fines	54, 485. 80
Use of money and property	65, 836. 76
Sale of Government property	38, 116. 35
Service charges	224, 038. 58
Total revenues	9, 989, 834. 45

Expenditures

Activity	*Amount*
General administration	$1, 203, 653. 34
Legal and public safety	925, 397. 90
Education	1, 845, 115. 57
Commerce, industry and agriculture	401, 518, 85
Medical care and public health	1, 778, 867. 84
Public works	635, 597. 57
Capital improvements	2, 816, 066. 35
Judiciary	94, 244. 09
Legislative	78, 910. 51
Contributions to other agencies	557, 221. 04
Total expenditures and encumbrances	10, 336, 593. 06

AMERICAN SAMOA

Mr. JENSEN. Is the Governor of American Samoa here?

Mr. STRAND. No, sir. If you will recall, I talked to you on the phone about him.

Mr. JENSEN. We appropriated for American Samoa in 1954 $1,550,000. Your request for fiscal year 1955 is for $1,551,000 or an increase of $1,000.

REVENUES OF AMERICAN SAMOA

Mr. JENSEN. Have revenues been increasing or decreasing in the last several years?

Mr. STRAND. The revenues have remained about the same. We, as you know, have had a total of 5 governors of Samoa over a period of about 2 years. The Governor at the present time is Governor Richard Barrett Lowe of North Dakota, who has a fine background. He had experience in island government during the war, and before that he was a county school superintendent, which required a great deal of administrative knowledge. I understand from people in

educational circles that a county school superintendent also learns how to make a dollar do a dollar's worth of work.

When he was informed of the submission of this budget request, he called the office in Washington and said that in view of the fact there had been so many governors in Samoa in a short period of time, the people there had become accustomed to having a man come in, be sworn in as Governor, make a speech, and disappear; and he felt he had better stay there at his post and he has sent a very comprehensive statement which, with the committee's permission, Mr. Nucker, the executive officer, can read into the record or give you the highlights.

GENERAL STATEMENT

Mr. JENSEN. The prepared statement of Governor Lowe will be inserted in the record at this time.

(The statement is as follows:)

STATEMENT OF GOV. RICHARD BARRETT LOWE OF AMERICAN SAMOA

Gentlemen, thank you for making it possible for me to substitute this statement for my presence before your committee. I appreciate your understanding of the problem I am confronted with here in American Samoa. During the past 2 years 4 governors left here never to return, with the result that the government suffered both in stability and effectiveness. Thus, it became common gossip among the Samoan people that my leaving here would be permanent. The announcement of my intention to remain at my post was met with many expressions of appreciation.

I should like to assure you that I am in full accord with the policy of the United States Government to reduce operating costs and expenditures to the fullest extent possible. I have already undertaken a comprehensive study of the manifold operations of the Territorial government with the object of eliminating unnecessary services, and at the same time utilizing to the fullest extent all existing facilities without incurring additional costs.

The physical plant turned over to the government of American Samoa by the Navy in 1951 is in excess of our needs. I have concluded, therefore, that an expanded building program within the government reservation is unwarranted. For that reason, in consultation with the head of the department of health, I have eliminated from the request for construction funds, fiscal 1955, the sum of $200,000 originally requested for the construction of a wing to the hospital to house tuberculosis patients. I have authorized the use of a newly completed building intended for nurses' quarters for the care of tuberculosis patients. This is an excellent building and sufficiently large to take care of our needs in the foreseeable future. Another structure, immediately adjacent to the present overcrowded nurses' quarters, is to be rehabilitated for housing graduate Samoan nurses, but no additional funds will be requested for this purpose.

Despite the unrest and uncertainty attending the unusual succession of governors and the turnover of high level staff personnel, much has been accomplished in establishing civil government, but much remains to be done. Together with the Department of the Interior we are in the process of developing longrange policies and objectives, which will enable the Samoans to do more for themselves.

Primarily this is an agricultural society. The proper and extensive development of the soil will contribute more toward our economic well-being than all other things combined. We shall do our best to get away from our one-crop economy—copra. We must plant more cocoa, coffee, and other exportable crops, and through a developing economy take over a larger and larger percentage of the costs of our Government. We are reorganizing the Department of Agriculture to make use of trained Samoans and to tie it in more closely with the district, county, and village governments, which are already self-governing under Samoan standards.

Every effort is being made to improve the economy through various plans of industrial development and other devices. The outlook is not unfavorable. The Van Camp Seafood Co. of California recently leased the fish cannery which for several years has been on a standby basis. In view of the results obtained by

the fishing vessels which have just arrived here, it looks as though success will attend the cannery operations. Unexpectedly large quantities of fish have been caught a short distance offshore. The cannery expects to employ up to 180 Samoans, and the government will profit directly from export duties, rentals, and other concomitant benefits.

Copra production has shown a sharp increase in recent months. New interest has been aroused in the manufacture of handicraft items for which there is a ready market on the west coast, but which has been handicapped by lack of shipping facilities. Now with the cannery in operation and greater copra production it should be possible for ships to call more regularly, with the result that we will be able to assure stateside deliveries of native-made goods on a satisfactory basis.

All in all, I am not discouraged over prospects. I do, however, respectfully urge your favorable consideration of the 1955 budgetary estimate, minus the $200,000 mentioned above. I say this in utmost sincerity. A cut at this time would handicap my administration both physically and psychologically. While we are laying the foundations for a more stable economy and a more stable government we need the support of the Congress financially as well as in other respects. It is most desirable that we maintain operations at approximately the same level as those for 1953 and 1954. Barring a major disaster such as a typhoon (and we are not in the typhoon area), I do not anticipate any need for increasing normal operation and maintenance costs during the fiscal year 1955. While it is my intention to reduce costs wherever possible, I must be guided to some extent by the experience of prior years under civil government.

I assure you again that I am in full accord with the economy program of the Congress, and that I will support it fully. But I need your assistance—the people of American Samoa need your assistance—during the coming year when our development programs will begin to take shape. I am keenly interested in seeing a lessening of the financial burden imposed upon the Federal Government by the Territory for which I am responsible, but I need time to make the area more self-sufficient. In the meantime, I am most anxious to maintain a good sound administration of which the Congress and the Department of the Interior may be proud. Your kind consideration to our problem is most sincerely appreciated.

Mr. JENSEN. Insert page 24 of the justifications into the record showing the estimated revenues by source for 1955.

(The matter referred to follows:)

Local revenues will be derived principally from import duties, sales taxes and licenses, rental of Government-owned properties, and the operation of Government activities. Expansion of the latter is not contemplated; rather, greater emphasis is to be placed on the curtailment of governmental activities while at the same time aggressively seeking greater production of cash-producing crops. Although there has been a favorable upswing in copra production in the first 2 months of the current fiscal year, it is not possible to predict that this trend will continue. Therefore, revenue along with operating costs are estimated at the sale level as that of fiscal year 1954.

The estimated income, by source, available for obligation during fiscal year 1955 is shown on the following statement:

Analysis of estimated revenues available for obligation, fiscal year 1955

Customs and duties	$150,000
Taxes	60,000
Licenses and permits	40,000
Utilities (electricity, water, telephone)	35,000
Rentals and leases	30,000
Manu'a Tele	25,000
Dividends and interest	10,000
Piers and docks	10,000
Bus operations	10,000
Farm and dairy products	7,500
Radio communications	7,500
Medical and dental fees	5,000
Print shop	5,000
Laundry	2,500
Ice sales	2,500
Total estimated revenues	400,000

OPERATING COSTS

Mr. JENSEN. Insert page 23 of the justifications into the record, showing the operating costs.

(The matter referred to follows:)

The operating costs of the Government of American Samoa are payable out of local revenues, supplemented by grants from the Federal Government. The total cost of government in fiscal year 1955, excluding direct Federal obligations for the Office of the Governor, the legislature and the judiciary, is estimated to be $1,834,000, of which $1,516,000 is for operating costs and $318,000 for emergency construction and rehabilitation. Since estimated revenues to be collected are $400,000, the required Federal grant is $1,434,000.

Operating costs:	
Staff offices:	
Attorney General (legal affairs)	$26,000
Budget and administrative analysis	21,600
Personnel	25,000
Samoan affairs	14,500
Special projects	18,600
Subtotal	105,700
Departments:	
Agriculture	75,000
Education	280,000
Finance	82,100
Health	379,000
Public safety	59,400
Public works	359,000
Subtotal	1,234,500
Other:	
Local government officials	27,400
Property management	108,900
Communications	39,500
Subtotal	175,800
Total	1,516,000
Less: Local revenues	400,000
Total grant funds required for operating costs	1,116,000
Construction and rehabilitation	318,000
Total grant funds required	1,434,000

SAMOAN AFFAIRS

Mr. JENSEN. What is the item called Samoan Affairs, for which $14,500 is shown on page 23 and $41,900 is shown on page 25 of the justifications?

Mr. NUCKER. That covers the expenses of the folk who deal with the Samoans in trying to help them increase their handicraft industry, and generally is the liaison activity between the Governor's office and Samoan families.

Mr. JENSEN. Is that necessary? Why cannot the regular employees do that?

Mr. NUCKER. They are regular employees.

SPECIAL PROJECTS

Mr. JENSEN. What is the "Special projects" office item shown as $18,600 on page 23 and $26,300 on page 27, and how does it differ from the "Property management" activity for which $108,900 is shown on page 23?

Mr. NUCKER. I am checking on that. I would like to comment at this time, not at length, but to call attention to one suggestion made by the Governor, namely, he offers a reduction of $200,000 in the construction item requested. I will insert this statement into the record without reading it.

REDUCTION IN CONSTRUCTION ITEM

Mr. JENSEN. You mean he admits that we can reduce his request by $200,000?

Mr. NUCKER. Yes. This particular paragraph is pertinent.

The physical plant turned over to the government of American Samoa by the Navy in 1951 is in excess of our needs. I have concluded, therefore, that an expanded building program within the Government reservation is unwarranted. For that reason, in consultation with the head of the department of health, I have eliminated from the request for construction funds, fiscal 1955, the sum of $200,000 originally requested for the construction of a wing to the hospital to house tuberculosis patients. I have authorized the use of a newly completed building intended for nurses' quarters for the care of tuberculosis patients. This is an excellent building and sufficiently large to take care of our needs in the forseeable future. Another structure, immediately adjacent to the present overcrowded nurses' quarters, is to be rehabilitated for housing graduate Samoan nurses, but no additional funds will be requested for this purpose.

Our present Governor is trying to operate as economically and efficiently as possible.

SPECIAL PROJECTS AND PROPERTY MANAGEMENT

Mr. JENSEN. Insert into the record what the "Special projects" item shown on page 23 and on page 27 is and how it differs from the "Property management" activity shown on page 23.

(The matter referred to follows:)

The Special Projects Office is delegated the responsibility of administering a program for the central control and utilization of nonexpendable property and for the direction of the commercial operations of the Government. The total costs of this office are estimated at $26,300, which includes $18,600 to cover the cost of operating the office and $7,700 to cover the cost of daily property-control functions. This latter figure appears in the "Staff" breakdown as part of the $108,900 estimated cost of property management, which consists of the actual operating costs of the special services provided by the government of American Samoa and the cost of control of the property utilized in these services.

FISH CANNERY

Mr. JENSEN. What is being done with the fish cannery we have discussed in the last several years?

Mr. NUCKER. It is under lease to the Van Camp Seafood Co., and they are now engaged in fishing outside our Samoan waters and are in the process of activating that plant. It looks as though there is great possibility for success. The contract calls for 5 years at $5,000 a year or so much per ton of fish, whichever would produce the most, with the first year of that contract recognized to be an exploratory year.

OPERATION OF HOTEL

Mr. JENSEN. On page 26 of the justifications you show a hotel as one of your business operations but there does not appear to be any revenue from it listed on page 24. What is the story?

Mr. NUCKER. They have a small building there that was left there by the Navy and which is used for visiting people. Very little use is made of the hotel. There should be and there is some remuneration from that hotel. Where it would be in this table on page 24, I cannot answer without checking. It would be a very nominal amount.

LEGISLATIVE EXPENSES

Mr. JENSEN. Why is $6,000 needed for travel in your legislative expenses item?

Mr. NUCKER. That $6,000 is intended to provide for travel of 3 members of the Fono, the local legislature, to visit the United States while Congress is in session.

Mr. JENSEN. What are the other contractual services in the "Legislative expenses" item?

Mr. NUCKER. That will include the cost of employing a translator and special or nonrecurring maintenance and repair performed by the Department of Public Works.

TOTAL INCREASE IN POSITIONS

Mr. BUDGE. Mr. Nucker, I note that the total number of permanent positions of the Office of Territories has increased from the 1954 figure of 138 to an estimated figure of 227. While I think I know the answer to that, I would like your explanation of the increase.

Mr. NUCKER. Every other year we have legislative meetings in Alaska and in Hawaii. It is required by budget procedure to show the number of legislators as individuals in that personal service item. I have a statement which shows the number of legislators involved. There are 40 in Alaska, and 45 in Hawaii, or a total of 85 individuals who are added every other year to the number of persons under the item "Administration of Territories."

Mr. BUDGE. In other words, payments to the legislators carried on your rolls as permanent employees more than accounts for the increase over the 2 years?

Mr. NUCKER. It accounts for 85, and if we compare the 1955 figure with the 1953 figure we will find an increase of 87, which is more than accounted for by the contemplated or intended transfer of field activity employees who heretofore have not shown in that number in the Office of Territories payroll as of July 1.

In accordance with the survey team recommendation there will be about six of those, so if we subtract the legislators and allow for the amount of persons on our payroll being transferred from other payrolls, we will produce a decrease of four or five over 1953.

Mr. BUDGE. Thank you.

Mr. Chairman, I would like to say that the healthiest thing I have heard in Government operations in the Department of the Interior

since I have been on this committee was the statement on the Alaska Railroad by Mr. Kalbaugh. I think he should be complimented for the progress he has made in a short time.

Mr. JENSEN. That voices the sentiment of every member of the committee.

HEALTH, EDUCATION, AND WELFARE PROGRAM

Mr. FENTON. I notice there is not too much detail on these various Territory projects in the justifications. I wish the Administrator would get for me a detailed account of the health and education and welfare program in Samoa and all the other Territories, a report of just what is going on.

Mr. NUCKER. In each of the Territories?

Mr. FENTON. That is right. The incidence of disease, and what, if anything, is being done to eliminate some of those diseases.

(The matter referred to follows:)

HEALTH, EDUCATION, AND WELFARE PROGRAMS

VIRGIN ISLANDS [1]

Health

During the entire fiscal year the health and sanitation services in the Virgin Islands were administered under the leadership of Dr. Roy A. Anduze, a native of the Virgin Islands, who succeeded Dr. John S. Moorhead, another Virgin Islander, as commissioner of health for the Virgin Islands. The Knud Hansen Memorial Hospital in St. Thomas, a modern 116-bed institution, is completed, and plans have been made for the official opening during the month of July. The Charles Harwood Memorial Hospital, a 60-bed modern hospital, at Christiansted, St. Croix, is also completed, and will be officially opened early in the next fiscal year. The Frederiksted Public Health Facility, a 12-bed unit, and the Morris F. de Castro Clinic at Cruz Bay, St. John, a 4-bed unit, were opened during the fiscal year and are now in operation.

An eminent hospital consultant of the United States Children's Bureau was loaned to the Department of Health for 2 months to carry out an extensive survey of administration problems incident to the reorganization to be undertaken with the transfer of the hospitals to new and modern quarters. This service was invaluable in determining areas of responsibilities and in outlining chains of command. Maintenance engineers were appointed to insure adequate maintenance of the new hospital structures and servicing of their complicated and expensive machinery. Laboratory work was greatly improved by the addition to the staff of adequately trained personnel and by additional training outside the islands of one of the locally trained technicians. Training was commenced for kitchen and laundry supervisors to manage the modern equipment which has been installed in the new hospitals.

With the dedication of the Knud Hansen Memorial Hospital and the Charles Harwood Memorial Hospital, the people of the Virgin Islands through the generosity of the United States Government will have the benefit of adequate, modern health and medical care facilities. Recognizing the need for additional revenues to operate properly these facilities, both municipal councils passed legislation providing for the establishment of new schedules of fees for medical and dental services, and also for a medical care plan to assist patients who are medically indigent. The new schedule of medical care fees has been approved by the Municipal Council of St. Thomas and St. John, and it is expected that similar action will soon be taken by the Municipal Council of St. Croix.

A total of $944,502 was expended for medical care and public health services in the Virgin Islands during the fiscal year. Of this amount $681,849 was appriated from local revenues, $246,333 allocated from Federal grant-in-aid funds, and $16,320 from Interior Department funds. The Federal grant-in-aid funds were expended for the following much-needed services: Crippled children, maternal and child health, tuberculosis control, venereal disease control, general health and mental health, heart disease control, and water pollution control.

[1] Source: Annual Report of the Governor, Fiscal Year 1953.

Under the crippled children's program major therapeutic surgery was performed in St. Thomas on 6 children and 7 adults. Twelve children were sent to Puerto Rico for care not available in the Virgin Islands, 8 for plastic surgery and 2 for neurosurgical consultations. One child from St. Croix was sent to continental United States for extensive plastic surgery. In St. Thomas and St. John alone approximately 5,200 cases of school children and indigents were given dental health services. A topical fluoride program is an additional dental health service which is being conducted. The possibility of fluoridation of the water system at the Paul M. Pearson Gardens housing project is now being investigated. It is interesting to note that over 70 percent of the live births in the Virgin Islands during the fiscal year occurred in the hospitals. This is the result of the maternal and child health program, which has been conducting well attended prenatal clinics.

Under the public health program 2,864 children received physical examinations during the year. Over 500 parents were present at the time of the examinations. This response was obtained through the cooperation of the health education division. A total of 5,370 smallpox vaccinations were done among the school population. The island was subject to a severe outbreak of Bright's disease in school children as a complication of impetigo. As a result practically all other activities of the public health division in St. Croix were suspended to conduct an intensive program in the entire school population, both in schools and homes to combat it successfully.

Education

Significant progress was made in the school-building program under provisions of Public Law 510. Specifications were completed and advertisement made for bids in construction of a high school in St. Thomas, for repairs and improvements to 3 rural schools, construction of a high school and an elementary school in Christiansted, and 1 rural school in St. Croix. It developed, however, that the lowest bids submitted exceeded funds available for this phase of the program, whereupon determination was made to proceed in construction of the two high schools only. Contract was awarded to Republic Construction Co. and Fluor Western, Inc., and construction begun on both schools in May. Impressive ground-breaking ceremonies were held on the new school sites in St. Thomas on May 25, and in Christiansted, St. Croix on May 26, with Hon. Orme Lewis, Assistant Secretary of the Department of Interior, participating as the principal speaker on both occasions. The extraordinary significance of this event in the history of education in the Virgin Islands can be sensed only by those aware of the sad fact that at present with the exception of a very few smaller school units, schools are housed entirely in makeshift buildings never intended for school use.

Certain developments in connection with vocational education contributed to improvement of the program in this field. In this respect the islands are indebted to the Vocational Division of the Department of Education in Puerto Rico for splendid cooperation in extending services in teacher training and in releasing personnel for service here. The Insular Board for Vocational Education is likewise deserving of special mention for the thoughtful and perceptive manner in which members have treated the difficult problems claiming their attention during the year in which among other actions affecting this service, outstanding in significance was the determination to employ a consulting director who was granted leave of absence from his duties in Puerto Rico to allow him to enter our service.

Although it has not been possible to add many new courses, despite apparent need in certain fields, major effort has been directed to improving effectiveness of instruction in courses already established and in surveying training needs in local industries. Much has been accomplished also in improvement of administrative procedures. Especially noteworthy events and activities of the year include evening courses in home economics for adults, an evening course in concrete block laying, two teacher training courses attenedd by all teachers of vocational education, a workshop session for home economics teachers in August, observation and training missions to Puerto Rico, and establishment of the Virgin Islands chapter of the American Vocational Association with 100 percent membership of instructional staff.

Total enrollment in public schools was 5,384, slightly below that of the preceding year. Of this number, 950 were enrolled in junior and senior high school grades in St. Thomas, and 520 in St. Croix. Enrollment in parochial and private schools amounted to 2,270, of which 976 were in St. Thomas and 1,294 in St. Croix. Total enrollment in all schools was 7,650, a decrease of 37 below enrollment in the preceding year.

The total cost of public education and services administered by the educational system was $682,504.86, including the school-lunch service, and in St. Thomas, operation of the public library, Teachers Institute, and public recreation facilities. Of this amount, $81,995.90 was made available by the Federal Government, chiefly in support of vocational education and the school-lunch service.

An average of 2,565 children participated daily in the school-lunch program in St. Thomas and St. John. In St. Croix, average daily participation was 1,780. Average expenditures for education, not including the school-lunch service, was $95.92 in St. Thomas and St. John, and $95.98 in St. Croix, as compared with $90.60 and $90.06 last year. These costs are admittedly very low.

Social welfare

There has been continued progress in the integration of welfare programs on an insular basis, although the differing resources of the two municipalities present a serious difficulty in maintaining the matching programs on common standards for both municipalities, which is a Federal requirement and is also manifestly desirable from a local viewpoint.

The following comparative table of assistance statistics indicates that the caseload growth, which reached its peak in the middle of the fiscal year, was reversed so that the year closed with assistance caseloads and monthly expenditures in both municipalities lower than they were at the opening of the year (the figures below exclude aid from the local trust funds):

	1951–52 (June 1952)	1952–53	
		January 1953	June 1953
All Virgin Islands:			
Number of persons aided	1,740	1,765	1,586
Total assistance during month	$14,317.31	$14,792.92	$13,591.39
Total Virgin Island appropriations for year	$133,529.00		$150,483.00
Total Federal contributions for year	$92,078.34		$101,040.29
St. Thomas-St. John:			
Number of persons aided	681	672	598
Total assistance during month	$5,398.68	$5,431.75	$4,988.28
St. Croix:			
Number of persons aided	1,059	1,093	988
Total assistance during month	$8,918.63	$9,361.17	$8,603.11

The public assistance program is now soundly organized and its administration is improving steadily. A staff development program, including an orientation plan for new workers, regular staff meetings, monthly training institutes, and university scholarships for social work study (the first scholarship awarded for school year 1953–54), is under way. The challenging problem facing our Government and people is to provide additional funds for the program in order to change the present distressing inadequacy of the assistance grants. We must not be complacent about grants averaging, in June 1953, $10.98 per month for an aged client and $5.06 per month for a child, to provide food, clothing, rent, and all other living costs. There is need for more adequate municipal appropriations, for an equalization fund established by joint municipal contributions on a formula based on their respective financial abilities, and for a more favorable matching formula for Federal contributions.

The work of the Division of Child Welfare showed desirable growth in several areas. In the foster home program, the caseload practically doubled—at the close of the fiscal year 48 children (29 in St. Thomas, 19 in St. Croix) were receiving care in family foster homes supervised by the Division, as compared with 25 when the year began. This increased activity is the result principally of the intensive home-finding campaign conducted by the Division during the 2 years past, including weekly radio programs for much of this period.

The casework program of the Division rendered service to 615 children during the year (299 in St. Croix and 316 in St. Thomas). Services have been rendered directly to children, to parents and relatives, the police, the courts, the Division of Mental Health and the schools. Referrals are accepted freely from any community source. Group therapy projects, conducted by the Division both in St. Thomas and St. Croix, helped many youngsters.

Detention care was furnished for 55 children (41 in St. Thomas and 14 in St. Croix) in the limited facilities developed at the forts in the three towns, with the cooperation of the police departments. A home for girls with behavior problems is still a serious need.

The Queen Louise Home for the Aged, St. Thomas, provided total care for sick or very feeble clients, with a resident list varying between 15 and 20 beds, the latter being total capacity. The Corniero Home in St. Thomas (23 rooms) and the Aldershville Home in St. Croix (32 rooms) continued to provide shelter for aged clients, with public assistance providing the funds for the nominal rent they pay ($2 per month) and other necessities of life. In St. Croix, the Department certified 37 indigents for admission to the King's Hill Home for the Aged there.

Work projects provided employment for 12 handicapped men in St. Thomas and 24 women in St. John. Federal surplus commodities, dried milk and honey, were distributed to babies through the baby clinics in all three islands. The Community Chest in St. Thomas continued the home service for the aged and contributions to the cancer program, with both municipalities also providing funds for the latter program.

The main activity this year of the Health and Welfare Inter-Agency Committee was the development of a plan for determining financial ability of patients or their immediate family to pay for hospital care furnished. The good results of this first large cooperative undertaking encourage hope for success in the many other items that can profitably be considered by this coordinating agency.

In general, social welfare activities in the islands have expanded and improved in a healthy, constructive manner, largely as a result of Federal aid through the Federal social-security program. But the program is still operating on standards so low that less than half the true minimum needs of destitute people are being met. This is due chiefly to the fact that the old dollar-for-dollar formula with which public assistance began in the continent many years ago is still being applied to the Virgin Islands, instead of the formula providing 4 Federal dollars to 1 State dollar now current in the continent. It is hoped that Congress may soon act to improve this situation and thus enable the islands to provide adequately for their needy.

At the end of calendar year 1952 there were 65 persons in the Virgin Islands receiving monthly payments under the Federal old-age and survivors insurance. Payments totaled 13,000, an increase of 18.1 percent over 1951. The average amount of old-age insurance payment to retired workers was $38.36, as compared with an average of $49.25 for the Nation as a whole.

SAMOA

Health

The mission of the Department of Public Health in American Samoa is to furnish medical care for the people, maintain quarantine and sanitary regulations, carry out preventive medical measures, conduct a school for Samoan nurses, and promote health education among the people of the territory. To accomplish this end, the department is divided into three main divisions—medical services, public health, and the school of nursing.

The medical services division operates a 225-bed hospital, with 27 bassinets, at Pago Pago. This hospital is divided into the following units: outpatient clinics; dental clinic; medical wards; surgical wards; obstetrical and gynecological wards; pediatric ward; tuberculosis wards; and annex for the care of leprous and psychiatric cases. In addition to this hospital, a 20-bed hospital is maintained at the Ta'u dispensary for the care of the peoples of the outlying Manu'a Islands. Three other dispensaries are located on the Island of Tutuila and a fourth is located on the Island of Ofu in the Manu'a group. Each dispensary is staffed with a Samoan medical practitioner, who also acts in the capacity of district health officer under the supervision of the Director of Public Health, and three Samoan graduate nurses whose duties are to assist the medical practitioner in the dispensaries and to visit the sick in the various villages.

The major health problems in American Samoa are tuberculosis, malnutrition, typhoid fever, Hansen's disease, virus conjunctivitis, and a high infant mortality rate based mainly upon pertussis complicated by bronchopneumonia. The incidence of tuberculosis is already extremely high (about four times as high as in the continental United States), and an increase is anticipated for the coming year. On July 1, 1952, there were 37 cases at the Samoan Hospital. On June 30, 1953, there were 82. A higher admission rate is expected since a new photofluorographic unit was placed into operation during fiscal 1954.

Typhoid fever, previously considered an uncommon disease in American Samoa, has now become a major public health problem. Twenty-seven cases were admitted to the Samoan Hospital in fiscal 1953—this exceeded all previous years except 1928 which had 35 cases.

Leprosy and filariasis are endemic. Because of improved cooperation on the part of the Samoans and more careful screening, leprosy is being discovered at an

earlier stage than previously. Treatment, therefore, has been quite effective. During the past year a leprosarium has been constructed in Samoa in order to permit treatment of Samoans in their homeland rather than be banished to the leprosarium in Fiji.

Leading causes of death are: bronchopneumonia (16); myocarditis (10); gastroneteritis (8); malnutrition (7); pulmonary tuberculosis (7); arteriosclerosis (6); meningitis (6); prematurity (5); and carcinoma (5). Infant mortality in fiscal 1953 was 64. Total live births were 729. There were no cases of maternal mortality in fiscal 1953.

Education

The Department of Education has responsibility for the administration of education at all levels in the Territory. The staff is largely made up of Samoan teachers who have, in general, limited educational backgrounds, but who are improving steadily through teacher training courses.

There are 54 schools in the Territory, including 5 junior high schools, 1 high school, and 48 elementary schools with a total enrollment of 4,403 pupils, 143 of these being high-school students. Nine schools are completely supported by the Territorial government. The 48 village elementary schools are partially supported by the local communities; the salaries of teachers contributed by the Territorial government. The elementary units enroll students in grades 1 to 6, the junior high school units enroll pupils in grades 7 to 9. The vocational school enrolls pupils above the ninth grade. The High School of American Samoa is a 4-year unit enrolling pupils above the ninth grade selected for their academic aptitude. The curriculum of the schools covers a period of 14 years. The required age for school attendance is from age 7 through 15.

During fiscal 1953, there were in the elementary schools 149 Samoan and 2 non-Samoan teachers; in the high school, 4 Samoan and 7 non-Samoan, in the vocational school 1 Samoan and 2 non-Samoan.

The adult education program was started as an experimental program in July 1952. Both its scope of activities and its coverage have increased. A mimeographed bulletin in Samoan (2,300 copies) and an English bulletin are published weekly. Educational and entertainment programs are presented 5 nights weekly over the government operated radio station, WVUV. One hundred tropicalized battery-operated radio sets have been ordered and will be sold at cost to villages. At the completion of this program, the radio station will be used for educational purposes, entertainment, and as an outlet for government notices and in cases of emergency.

Welfare

The Samoan social system, which is based on the extended family system under the leadership of "matais," insures adequate care of the aged, children, and other members of the family. There does not exist, therefore, a need for social welfare services of the type found in "westernized" countries.

Law enforcement is under the Department of Public Safety. The police force consists of 45 Samoan members. The prison has an average population of 34.

Fire protection is provided by a 7-man force which operates on a time platoon system maintaining 24-hour watch. Equipment consists of 4 fire engines and 1 two-type pump.

TRUST TERRITORY OF THE PACIFIC ISLANDS

Health

There are 8 registered physicians and 1 registered dentist serving the trust territory. These supervise the medical and dental work throughout the vast area, operate the hospitals, make field trips, and train Micronesians in health and dental work. There is one American nurse in each district who serves both as a nurse and Micronesian nurse-supervisor and trainer. There is one registered nurse who conducts a central nurses training school at Truk.

The number of trained Micronesian medical, dental, laboratory, and sanitation personnel now numbers about 100. There are now in training in Suva 13 medical practitioners, 13 dental practitioners, 1 sanitarian, 1 X-ray technician, and 1 pharmacist—29 in all. Twenty-three of these will complete their training in December 1954, and at that time they will return to their native islands to practice.

Tuberculosis is our most serious disease, but it is yielding to hospital treatment insofar as we have beds available and where cases are caught early enough. The same is true of leprosy.

A substantial hospital construction program is needed.

Yaws is rarely seen, having yielded to penicillin. Filariasis exists in the Carolines and enteric parasites are generally distributed. The problem of sanitation is huge, but progress is being made.

Infant and maternal mortality are being steadily reduced by hospitalization. Medical field trips are made regularly. There are hospitals of a sort in each district center and about 100 small dispensaries scattered in strategic places throughout the islands.

There is a vast job of health and sanitation education required and being undertaken.

Education

The objectives of the educational program are (1) to inculcate and understanding of and a cooperative attitude toward America and the principles of freedom and democracy for which America stands, and (2) to enable the Micronesians to do better the things they have to do in order to live in their environment.

Due to long contacts with the Western World and to radical changes caused by inundation of various foreign nations, by a century of Christian missionary service, by nearly three decades of iron-curtain isolation, by war, and by superimposed foreign government and contacts, many things are required today that would have been unnecessary a century ago. The Micronesians have a burning desire to improve their conditions and they require the teaching of the three R's (including learning of English at the district centers), a knowledge of applied sicence, and a knowledge of modern self-government. They want help in learning how they may provide these things for themselves as soon as possible.

To meet these demands we are aiding the Micronesians by training their teachers and by providing practical courses above the elementary level. Advanced training is arranged for in the fields of health, food production, and the skills necessary where Micronesians can replace present American employees.

The municipalities built and staff about 140 elementary schools in which over 6,000 students ages 8 to 14 are enrolled. In each district center there is an intermediate school offering 3 years of further training for a total of about 600 carefully selected elementary school graduates. There is a more advanced 4-year course for 120 selected intermediate school graduates at the Pacific Islands Central School in Truk. Graduates of this last are qualified to perform most of the special jobs in the trust territory or, where special training is required for medicine, dentistry, etc., to go on for advanced subprofessional training in Hawaii, Suva, or elsewhere.

There are courses of organized, systematic training in the shops and offices to qualify Micronesians for jobs offered in the trust territory.

Special teacher training institutes are conducted during the summer months to improve the ability of Micronesian teachers on the job.

The preparation of suitable text material in various Micronesian languages is a big job now in process.

Welfare

The "extended family" system throughout Micronesia is a model of effectiveness in caring for the needy and helpless. Sickness and old age are the responsibility of the family insofar as ordinary care is concerned. In case of emergency, such as an epidemic or a destructive typhoon, special help is required from the Government, but insofar as is practicable, neighboring islanders are called upon and gladly respond with emergency services and food.

ALASKA RAILROAD

Mr. FENTON. I wanted to make one observation on the railroad situation in Alaska. I, too, am glad to hear of the type of administration we are having at this time, but I am wondering, from the history we have had over the years, of the condition of those trestles up there. When the Director of Railroads states that he now contemplates running coal trains, 60 cars a day?

Mr. KALBAUGH. Sixty to seventy; yes.

Mr. FENTON. Will the facilities permit that amount over those trestles?

Mr. KALBAUGH. Yes, sir. We have added, since the advent of the Diesel engines, a fourth stringer to each of the bridges. That has made them comparable to stateside bridges holding comparable loads.

Mr. FENTON. That was running through my mind because of what we have heard about those trestles.

Mr. KALBAUGH. We have abandoned the loop district where the trestles were and put in this line change that has no trestles on it.

Mr. FENTON. We do not want to see any catastrophe there.

Mr. KALBAUGH. No, sir.

TUESDAY, FEBRUARY 2, 1954.

VIRGIN ISLANDS

Mr. JENSEN. Now we shall go into the Virgin Islands requests. We are happy to have with us this afternoon Governor DeCastro of the Virgin Islands. It was our good fortune to visit the Virgin Islands several years ago and to meet and to know Governor DeCastro and to learn some of his problems. We were treated most courteously. We were given all the information we requested, and we enjoyed our visit in the Virgin Islands. We enjoyed meeting the people. We enjoyed that good climate you have there. I believe everyone who has visited the Virgin Islands will testify it is the best in the world.

Governor, I presume you have a statement you would like to make at this time.

GENERAL STATEMENT OF THE GOVERNOR

Governor DECASTRO. Thank you very much, Mr. Chairman. I have a statement which I will not read to your committee, but I would like just to make an oral presentation from it using the highlights because there are a number of other things that should be put in the record. I think, Mr. Chairman, if you will permit me for a few minutes, I believe I am under some obligation to tell the committee what has happened in the islands in the past year or two.

I think you visited with us in April of 1951. You know, you ought to come again. Three years is too long a time to be away from the Virgin Islands. I extend an invitation to the committee. As one member of the committee, Mr. Budge, has not been to the islands, I think you ought to come.

Mr. BUDGE. Thank you, Governor. I should like very much to do so.

Governor DECASTRO. Mr. Chairman and members of the committee, I would like to point out a few of what I believe to have been significant gains in the islands in the past year or two. We have completed a modern hospital in St. Thomas; it is now in operation. We have completed a little health facility, very small, for transient patients only on St. John; it is now in operation. We have completed a general hospital in St. Croix; it is now in operation. The old hospital, the dilapidated building that the members of the committee saw there, is not now in operation. We have under construction a new 1200-student high school in St. Thomas and a 500-student high school in St. Croix. It is unfortunate we have to have two, but we cannot change the water between the islands. We have to have two institutions. Both of these will be in operation before the end of this year—I hope long before.

Bids have been opened and contracts may be let this week, I hope, for a new elementary school on St. Croix and for rehabilitation of all the old country schools. I remember very well that you went with me and saw at least 1 or 2 of those old dilapidated schools. We should have rehabilitation of the old ones very shortly. New telephone systems have been installed on both islands. At least we can pick up a phone now and do not have to crank it as when you were there. Our communities are growing so rapidly that we are going to have to add additional facilities. That is our business and we are going to do it.

Mr. JENSEN. You say that is "our business"?

Governor DECASTRO. The business of the local government. When I say "our business," I mean we are not asking for funds for that. The local government has to do that. One very important thing is we now have overseas telephone communication in St. Thomas and St. Croix with the United States, and it is not a Government project; it is a private project. Funds were appropriated for it a few years ago and authorized. We have done it through All America Cables and it is working. It is working so well we are going to extend it to St. John, which amazes even me.

Mr. JENSEN. How many people live there?

Governor DECASTRO. Seven hundred or so. It is now a resort community and a lot of continental Americans are going to live there. The All America Cables people feel that if it does not pay now, it will pay in a few years.

Mr. JENSEN. I can understand why a lot of people want to live on St. John's Island. That is a wonderful place.

Governor DECASTRO. I stress that, gentlemen, because that is private enterprise. The extensive waterfront improvement which you saw when you were there—they were building a new dock along the waterfront—is practically completed. On the island of St. John we are building a pioneer road across the 8 miles between the 2 villages of Cruz Bay and Coral Bay so that we will not have to send our doctors and nurses and educators on that rather long and heavy trip around the island which some of you took.

Mr. JENSEN. By boat.

PLANS FOR THE DEVELOPMENT OF THE ISLANDS

Governor DECASTRO. By boat; yes, sir. Something I think is of great importance—I will not disturb the committee; I will show it to you when you come down to the islands, I hope—is we are preparing master plans for the development of the islands. The communities have been growing so fast it has been so disorganized, and there has been no orderly development fixed; but we are planning for the next 10 years.

Mr. JENSEN. What is the rate of population growth?

Governor DECASTRO. The population of St. Thomas in 1950, which was the last census, was around 13,000. We estimate it must be close to 15,000 now. On St. Croix there is not that rate of increase, probably not much of an increase, if any; but St. Thomas is growing quite rapidly, especially by the influx of continental Americans who are building hotels, going into the businesses that facilitate the hotels—gift shops and other facilitating businesses.

We have worked very hard and prepared master plans for the entire island of St. Thomas. I am not going to disturb you with it except to show the type of thing we are trying to do. We have set forth the city of St. Thomas with the sewers. We know exactly where we are with its existing land use, community facilities, population distribution, and so on. Then we come to the master plan for 1980, how the island should develop, where new hotels should be built, where new communities should be built, what new roads should be built.

Mr. JENSEN. You are going to do all of that with your own money?

Governor DECASTRO. It is a plan for 10 or 15 years.

Mr. JENSEN. A cooperative plan?

Governor DECASTRO. It is a master plan which has to be approved by the legislature. When it is approved by the legislature, then we will have to come to America and we believe most of it can be done by private capital. It is not a plan for the government development of the islands. Perhaps the government may want a beach or two, but it is a plan for the orderly development of the islands. If a new hotel is going to be built, we will try to indicate, "You cannot build this right in the center of town. You should build it on top of a hill, or you should build it on this beach."

If we get money for roads, we will know where to put the roads and not leave it up to any administrator who may be there at the time and say, "I am going to put this piece of road in here," or "I may stick this school in here." It is a master plan which is done by all progressive cities. We think it is going to be quite an improvement. There are no government funds asked for it now.

Last year, gentlemen, approximately $6 million was expended by approximately 125,000 tourists who came to the Virgin Islands, compared with $4,500,000 in the year before. As I said a minute ago, we should have a full season now, but something has happened. Whether the people are not traveling as much this year, we do not know; but it is off now 50 percent. We hope it will pick up in March and April. However, we do have $6 million expended last year by 125,000 tourists, as compared with 105,000 in the year before. So there has been an increase.

We have 240,000 units of low-cost housing nearing completion in St. Thomas, and 110,000 units in St. Croix. I think you saw the beginning of those when you were there. They are under the National Housing Act. A new agricultural station has been established on St. Croix, thanks to you gentlemen. I think we had some difficulties at first, but we got that through last year. I will not say much about the Virgin Islands Corporation because the president of that will testify. But as part of the general report on what is going on now in the islands, VICORP has expanded the production of sugarcane. It is promoting land usage for other than sugarcane. It has initiated a cattle demonstration project and carried on a land and water development program and rehabilitated and expanded the electric light facilities in both islands.

Significantly, there is a new bank opened in St. Thomas, a new commercial bank, not a government bank. It is a private bank. It is another significant thing, I believe, because it is not government enterprise; it is private enterprise.

After working for 2 years, we convinced the Ford Foundation that they ought to come down there and help us a little—not the govern-

ment again. We worked it out through some friends. The Ford Foundation has made an appropriation of some $7,000 for the first year, and there is going to be $100,000 for the second, and I hope $150,000 for the third year, for a program of teacher training in the islands to qualify them better to teach. We are handling that through a recognized institution, Hampton Institute in Virginia. You know Hampton Institute is one of the outstanding Negro colleges, and we are not spending the money. Money has been earmarked for the Virgin Islands and is now being expended through Hampton Institute for a three-way program. Five outstanding students a year are being sent here on a scholarship for training, and they will come back. Two faculty members of the college in the islands have been there for 3 months at the expense of the Ford Foundation, working with our teachers not only in the classroom but offering their facilities for other attendance. Eighty-five percent of our teachers teaching in the day are attending classes at night to get additional credits.

The third point will be summer schools where again this year outstanding educators from the United States will be brought down and our teachers will work and live with them for 6 weeks while undergoing summer school classes.

Accommodations for guests have been increased to 24 hotels and guest houses, with a total bed capacity of 1,400. Income taxes collected in the islands were $149,000 in 1941, and they are now $700,000 in 1953. Our total revenues have jumped from $1,100,000 in 1949 to $1,900,000 in 1953. I use those figures to indicate that we are making every effort to increase our own revenues. It is not a very popular thing, especially for me.

On the other hand, I think I should only be fair to put in the major economic deficiencies that we have. According to the 1950 census, which is the latest recapitulation we have, 14 percent of our people had incomes of less than $100 a year; 50 percent had incomes of less than $500 a year. You can tell that by just remembering the wage rates are 40 and 50 cents an hour. Fifty percent plus had incomes of less than $500 a year. Five percent had incomes between $2,500 and $5,000, and only 2 percent had annual incomes over $5,000 a year. That is a 1950 figure. It is the latest we have. It is a little better now, but not too much better.

The median income in the Virgin Islands is $460 per year. In the United States income payments average well over $1,500.

A very bad figure which I must give, but part of our plan, is that only 16 percent of our dwelling units have modern toilet facilities; 70 percent have pits or receptacle units; 14 percent have no toilet facilities at all. We are attacking that in a two-way method. We have finally convinced the legislature that they should give us a bill which would compel connections with the modern sewers that we have there. That did not meet with too good public acclaim. It is difficult to convince a lot of people that they have got to spend a lot of money to put in toilet facilities. On the other hand, it is very difficult to convince me that we are going to remain a very healthy community if we do not do that. So we are attacking it by publicity. We are actually coming out on the air, as I do frequently, and stating what areas of the city are not covered by modern toilets; and sometimes we name the houses, name the numbers of the houses, and say, "These places do not have modern toilet facilities"—bringing public pressure.

I should say that that will be corrected over a 10-year period. It will take that to get it completely corrected. Only 13 percent of our dwelling units have installed bathtubs and showers; 87 percent have neither. This indicates that there has been some significant improvement in the physical facilities and the economic situation, but there are still very large areas of needed betterments. To make the islands self-supporting, as you know, has been our goal. I think the committee knows how I felt about that in the past years and the attack I have made on the islands.

We are hopeful the Congress will pass a new organic act. We need it very badly. Some of our major difficulties cannot be eliminated until we have the new organic act with a single legislature, a single treasury, and so on, and return to the islands the United States internal-revenue taxes, which will eliminate the need for these annual appropriations.

REPAIRS AND REHABILITATION OF FEDERAL BUILDINGS

That covers the general report. Now, on the estimate before you, there is an estimate for the central government of the islands of $318,000. That is $14,000 less than the available funds this year. Included in that estimate is $49,750 to continue the rehabilitation of the historic executive mansion. We talked about that last year. We had an initial appropriation which was a 3-year plan. This is to continue the work of rehabilitating the government house in St. Thomas and the government house in St. Croix. This appropriation estimate as you know includes the Governor's cabinet, department heads, and the operating budgets of those departments.

GRANTS TO MUNICIPALITIES

Then grants to the municipal governments is the second appropriation. For each of the past 5 years the Congress has been good enough to give us $745,000——

Mr. JENSEN. For what purpose?

Governor DECASTRO. Grants to the municipal governments. While our revenues are increasing there is a corresponding increase in our obligations. I pointed out last year that we still have a lot of things to do, that our wage rates were very low, that our teachers were poorly paid. I am not making a sob story. I am repeating what happened last year. This year the estimate before you is for $500,000, a cut of $245,000 in the grant appropriations for the municipal governments. It is going to be difficult for them to make up this difference, but we will make every effort to do that. That is our job.

It is recognized that the reduction will necessitate a complete review of the municipal activities. It has to be done by the legislature, not by the government alone, of course; and we have to find some methods of financing them. But I do point out that the estimate before you is $245,000 less than last year.

We maintain 31 public schools in the islands. The cost of education is $73 per pupil. The average cost of education in the United States is about $150 plus per pupil. In the islands, as I say, it is about $73. We have to maintain 59 miles of paved roads and 171 miles of dirt roads. We maintain hospitals, schools, and I am glad to say that

we have been able to convince the legislature to pass fee bills, bills to charge for hospital services. That question came up in the committee last year, too. At that time most of the medical services were rendered without charge. New fee bills were adopted. The best that I could get out of the legislature, we estimate that the yield would increase perhaps from $10,000 that we get now to about $50,000 a year. We are not satisfied. We think we might be able to get more. But we must always remember that immediate income is only $460 a year, and we cannot go too far at one time. We have a good fee bill, and that fee bill provides that every person who can afford to pick his hospital is required to pay.

That went into effect in August and September, because we have two councils. The St. Thomas Council meets in August and the St. Croix Council in September. In order to administer these services, we need a minimum government structure. In a small community that minimum structure in regard to total employment is normally higher than in a larger community. The greater part of our expenditures is reflected in the operation of the educational, health, and public works services of the islands.

NEED FOR ADDITIONAL SOURCES OF REVENUE

I assure you, gentlemen, that we are continuing to explore every possible means, every possible area, of finding new revenues. If you doubt it, pick up a newspaper in the islands at any time and see what they are talking about now. It is not good.

Many new taxes have been imposed and there has been marked improvement. Our local revenue collections have increased 59 percent in the past 5 years—I am responsible for it during the past 4 years; but in 5 years, 59 percent—much of it in the past 4. Our economic picture is encouraging. It is much better, but it is evident that we have not yet obtained an economic level where we can completely support ourselves. I wish we could. I would be the happiest man. I would love to leave office and say that the islands were self-supporting. Unfortunately I cannot do it. I hope we get a new organic act, and with it, that the internal revenue passes.

PER CAPITA EXPENDITURE OF THE GOVERNMENT

One more figure. The expenditure of the government of the Virgin Islands per capita is around $240 to $250 per person. It sounds high. But I have compared it with the United States, with all levels of government. You must remember that in the islands the government operates on a local and an insular level. It is one government. We operate schools, which you would not find normally in any municipality, budgeted by the States. You will find a school board budget in our government. We operate hospitals. Normally you would not find them except an indigent hospital in the United States. But I have compared that figure and I find that in the United States the latest figure was 1951. The expenditure of all levels of government was $620 per person. About 60 percent of that was military, internal security, veterans, and debts. If we take those out—because those apply to all of us, to you and to me—we are just about the same per capita level as the United States. Thank you very much, sir.

Mr. JENSEN. Thank you, Governor. That was a very fine statement. I must say it was even an enlightening and encouraging statement. It shows that progress is being made in the Virgin Islands in most every branch of your government.

INCREASE IN REVENUES

Mr. BUDGE. Governor, I am wondering about the budget revenues which you set forth here on page 16 of the justifications. I note that you have four large categories—real property tax, income tax, automobile and gasoline tax, and trade tax, excise duty, and internal revenues. I note that each of these four large categories has decreased in revenues in the fiscal year 1954—that is, it is estimated that they will be decreased—over 1953. On the other hand, in fiscal year 1955 you estimate that each of the four major categories will be increased over 1953. Why is that?

Governor DECASTRO. In fiscal year 1954 we estimated a decrease in revenue, particularly on the island of St. Croix. You see, we combine these estimates for a single estimate here to the committee, but we have estimates for St. Croix as one government and St. Thomas and St. John. There was a very dangerous decline at the beginning of the year and at the ending of the last fiscal year in the revenues of the island of St. Croix.

We had to shift Federal appropriations—which are done for the islands and normally earmarked so much for St. Thomas and St. Croix—from St. Thomas. I think it was $30,000 to help St. Croix in the last fiscal year. For the current fiscal year it now appears that the actual revenue would be greater than these, greater than the four figures you mentioned here; though this was the best estimate we could make when the estimates were prepared several months ago. The revenues will probably come up to what they were last year, but they would not come up to what we anticipated for next year because of several things.

First, in the real property tax, we are ordering a reassessment of property on the Island of St. Croix, scheduling a reassessment of all the property. We expect to get considerable more revenue from that source. In income taxes we are estimating an increase next year, based on a very delicate factor. These income taxes, Mr. Budge, are Federal income taxes. The committee may know that the Federal income tax applies to the Virgin Islands.

There has been a dispute between the Bureau of Internal Revenue and the government of the islands as to certain Federal taxes, whether we keep it or whether we should send it to the United States Government. That dispute is being worked out now. The revenues from income taxes will go up in 1954. We have approximately $100,000 in that category in dispute as to whether we should keep it or the United States should get it. It is being handled by the Bureau now.

In every case the increase in 1955 is predicated on the increased business which I expect will take place in 1955. The decreases shown in 1954 were the best estimates we could make; and if the tourist season remains as it is now, this situation will indicate that we are correct in our estimates, though we feel we will get more this year.

But this represents categorically a new assessment, a revised assessment of property taxes for 1955 and an increase in income taxes due to new businesses, an increase in trade taxes due to new businesses, and an increase in gasoline taxes due to new business.

Mr. JENSEN. Governor, last year your 1954 budget was based on a revenue estimated at $1,879,000. In the justifications you now estimate this year's revenue at $1,970,795. So you should have a surplus of $91,795.

Governor DECASTRO. Actually, Mr. Jensen, we do not have a surplus because if and when the revenues increase, as I tried to point our last year, our needs have been so great that the legislature will budget the increase for needed improvements in hospital and school operation, and needed new personnel and needed increases in salaries of personnel. You see, the grant is an outright grant appropriation; and if during the year there is improvement in the revenue, the municipal governments budget the difference.

Mr. JENSEN. Then no part of that surplus will be applied to the 1955 budget to reduce further Federal appropriations?

Governor DECASTRO. Except this year we are asking for $245,000 less because of that situation, because we are having more revenues.

SANITATION

Mr. FENTON. Governor, you mentioned about sanitation a while ago.

Governor DECASTRO. That is a sore point with me, sir.

Mr. FENTON. Do the inhabitants own their own homes there, or who is responsible for those defects?

Governor DECASTRO. Perhaps I skipped the one figure I should have used. Of 7,765 occupied dwelling units in the Virgin Islands, only 2,177 are owner-occupied, while 5,588 are occupied by tenants. That is what I would call economics in reverse. It is a very bad situation, and the owners are in large measure responsible, and we are taking action as rapidly as we can to eliminate a very difficult health situation.

Mr. FENTON. Those houses do not have the facilities that you are trying to get?

Governor DECASTRO. That is correct, sir.

Mr. FENTON. Those are owned by——

Governor DECASTRO. They are mostly occupied by tenants.

Mr. FENTON. Those homes that are not equipped with proper sanitary facilities are tenant occupied?

Governor DECASTRO. That is correct, sir, they are tenant-occupied homes.

FEDERAL GOVERNMENT OBLIGATIONS

Mr. JENSEN. Governor, what positions and programs in the government structure of the Virgin Islands is the United States Government obligated by law to finance? Will you list them and show the amounts in the record?

Governor DECASTRO. I should be glad to. I could tell you, but I think it would be a little inaccurate if I use my memory.

(The material referred to is as follows:)

POSITIONS AND PROGRAMS IN THE GOVERNMENT STRUCTURE OF THE VIRGIN ISLANDS WHICH THE UNITED STATES GOVERNMENT IS OBLIGATED BY LAW TO FINANCE

The authority for appropriations for the central government of the Virgin Islands is found in Public Law No. 749, 74th Congress, an act to provide a civil government for the Virgin Islands of the United States, known as the Organic Act of the Virgin Islands, approved June 22, 1936.

Section 20 of the organic act provides for the appointment by the President of a Governor.

Section 21 provides for the appointment by the President of a Government Secretary.

Section 22 provides for the appointment by the Secretary of the Interior of an Administrator for St. Croix.

Section 23 provides for the appointment by the Secretary of the Interior of "such other executive and administrative officers as may, in his discretion, be required." This section also provides that "the salary of all executive officers and employees appointed by the President or by the Secretary of the Interior shall be paid from funds appropriated for the government of the Virgin Islands by the Congress in annual appropriation bills, or as may be otherwise provided by law."

The foregoing sections of the organic act are relied upon as statutory authority for the request for annual appropriations to finance the expenses of the office of the Governor of the Virgin Islands. The amount of $318,000 is included in the 1955 budget for this purpose.

There is no direct statutory authority in the organic act for the requested appropriation of $500,000 for the expenses of the municipal governments of the Virgin Islands. However, appropriations to meet the expenses of the municipal governments of the Virgin Islands have been made each year since 1917 by the Congress of the United States, with the exception of the fiscal years 1943 to 1948, inclusive, during which period no such appropriations were requested nor made for the expenses of the municipality of St. Thomas and St. John; even though they were continued to be made in those years for the municipality of St. Croix. This is because of the fact that the expansion of the rum industry in St. Thomas during 1942 resulted in unusually large local revenues as to eliminate the need for deficit appropriations for the said municipality.

The act of Congress of March 3, 1917, providing a temporary government for the West Indian Islands acquired by the United States from Denmark, authorized the first deficit appropriation for the municipal governments in specific terms.

PREPARED STATEMENT OF THE GOVERNOR

Mr. JENSEN. Governor deCastro's written statement will be included in the record at this point.

(The statement is as follows:)

GENERAL STATEMENT OF GOV. MORRIS F. DECASTRO

GENERAL

Mr. Chairman and members of the committee, I am happy to have this opportunity of appearing before this committee again. As it is probably my last appearance, I should like to take just a few minutes to give the highlights of the developments in the Virgin Islands during the past year.

Significant gains

(1) A modern 116-bed hospital has been constructed and is now in operation on the island of St. Thomas. The little island of St. John has a modern 4-bed health facility also in operation.

(2) A 60-bed general hospital has been constructed at Christiansted and a 12-bed health facility has been constructed at Frederiksted on St. Croix. Both are in operation.

(3) A new 1,200-student high school is under construction in St. Thomas and a new 500-student high school is under construction in St. Croix. Both should be in operation before the end of 1954.

(4) Bids have been opened and contracts will shortly be let for a new elementary school at St. Croix, and for rehabilitation of several country schools in the three islands.

(5) New telephone systems have been installed but, with the rapid growth of our communities, additional facilities will soon be necessary.

(6) Overseas radio-telephone (VHF) service has geen established in St. Thomas and St. Croix by All America Cables & Radio, Inc., in cooperation with the local telephone systems.

(7) The extensive waterfront improvement in St. Thomas is practically completed.

(8) A pioneer road is under construction between the villages of Cruz Bay and Coral Bay on St. John.

(9) Master plans for the orderly development of the city of Charlotte Amalie and the island of St. Thomas have been prepared. Similar plans for St. Croix will soon be started.

(10) Last year approximately $6 million was expended by approximately 126,284 tourists in the Virgin Islands, compared with $4,500,000 by 105,000 tourists in the previous year.

(11) Two hundred and forty units of low-cost housing are nearing completion in St. Thomas and 110 units in St. Croix are soon to be completed, also.

(12) A new agricultural station has been established on St. Croix by the Department of Agriculture.

(13) The Virgin Islands Corporation has: (*a*) expanded the production of sugarcane, (*b*) promoted land usage other than sugarcane, (*c*) initiated a cattle demonstration project, (*d*) carried on a land and water development program, and (*e*) rehabilitated and expanded the electric light and power systems.

(14) A new commercial bank has been opened in St. Thomas.

(15) The fund for the advancement of education, Ford Foundation, has made funds available through Hampton Institute, Virginia, for a program of teacher training in the islands to improve the quality of teaching.

(16) Tourist accommodations have been increased to 24 hotels and guest houses with total bed capacity of about 1,400. Gift shops and other facilitating services have likewise increased.

(17) Income taxes collected in the islands were $149,000 in 1941 and $700,000 in 1953.

(18) Total revenues of the islands jumped from $1,100,000 in 1949 to $1,900,000 in 1953.

On the other hand, I must report that, according to the 1950 census of the Virgin Islands—

Major economic deficiencies

(1) Of the 9,821 persons reporting income in the islands—14 percent had income less than $100 a year; 50 percent plus had income less than $500 a year; 5 percent had income between $2,500 and $5,000; and only 2 percent had income over $5,000 a year.

(2) The median income in the Virgin Islands is $460, whereas in the United States income payments average $1,436 or more per capita.

(3) Only 16 percent of the dwelling units in the Virgin Islands have modern toilet facilities; 70 percent have can receptacles or pits, and 14 percent have no toilet facilities at all.

(4) Only 13 percent of the dwelling units in the islands have installed bathtubs or showers, and 87 percent have neither.

(5) Of 7,765 occupied dwelling units in the islands, only 2,177 are owner-occupied, while 5,588 are renter-occupied.

Much remains to be done

This report indicates that while there has been significant improvement in the physical facilities and in the economic situation in the Virgin Islands there are still broad areas of needed betterment in order to make the islands self-supporting, which is our goal.

We are hopeful that Congress will pass this year a new organic act, now before the appropriate committees, which would provide for the unification of the government of the islands and the return to the islands of the United States internal revenue taxes on products of the islands shipped to the mainland. This would eliminate the need for annual deficit appropriations and thus make the islanders dependent on their own production.

THE 1955 ESTIMATE

The appropriation estimate before you is in two parts:

(1) For the central government of the islands	$318,000
(2) For the expenses of the municipal government	500,000

The central government

The sum of $318,000 requested for the expenses of the offices of the Governor, government secretary, the Administrator for St. Croix and St. John, the departmental staff, and rehabilitation and maintenance of public buildings is $14,000 less than available funds this year. Included in this estimate is $49,750 to continue the rehabilitation of the historic executive mansion at Charlotte Amalie and the government house at Christiansted.

The administrative officers of the government of the Virgin Islands comprise the offices of the Governor, in whom is vested the executive power of the Virgin Islands and of the two municipalities thereof; the government secretary, who is principal assistant of the Governor and who has all the powers of the Governor in case of disability or temporary absence· the Administrator for St. Croix who acts for the Governor in the administration of the affairs of the Island of St. Croix and the Administrator for St. John who acts for the Governor in the administration of the affairs of that island. The appropriation estimate, therefore, includes these four top administrative positions, and the necessary secretarial and clerical staff for each office.

The estimate also includes the Governor's cabinet consisting of the commissioners of finance and health, and social welfare for the Virgin Islands, and the superintendents of public works and education for each municipality. The secretarial and clerical staffs for these cabinet positions, with the exception of the department of finance, are not included in this estimate, but are carried in the operating budgets of the two municipalities. The estimate provides for a department of finance in St. Thomas and a similar department in St. Croix, both operating under the general supervision of the commissioner of finance.

This year we have an appropriation of $58,750, as the commencement of a 3-year program for repairs to Federal buildings in the islands. For 1955, we are asking for $49,750 to continue this program and to include such work on the three historic buildings as repairs to roofs and guttering; repairs to windows, doors, and floors; removal of pitted linoleum floor coverings and replacement with tiles; and general repairs to and painting of interior of the buildings.

Grants to municipalities, $500,000

For each of the past 5 years there has been appropriated $745,000 as a grant to the municipal governments of St. Thomas and St. John and St. Croix. These appropriations were for the difference between the cost of operation of the governments and the operating revenues received from local sources. During this time the cost of operations has increased from a low of $2,031,863 in fiscal year 1950 to a high of $2,759,477 for the fiscal year 1954. The increased obligations have been taken care of by increased revenues which permitted the appropriation amount of $745,000 to remain the same each year. In the fiscal year 1955 total cost of operation, based on current level, is estimated to be $2,900,000, an increase of approximately $140,000 over 1954. Revenues for 1955 are estimated to be $2,155,000, an increase of approximately $140,000. Therefore, if the current operating level is maintained, approximately $745,000 will be required to supplement the present estimate of revenues to be received in 1955. However, only $500,000 has been included in the budget requested as a grant appropriation for the fiscal year 1955. This reflects a reduction of $245,000 over previous years' requests. It will be difficult for the local governments to make up the total difference of $245,000 by economies and by increased revenues but, of course, every effort will be made to do so.

It is recognized that the reduction in the grant appropriation will necessitate a thorough review of the present activities as well as methods of financing them to avert serious damage to the essential governmental services.

The organization of the municipal governments of the Virgin Islands included a legislative assembly; 2 municipal councils, 2 municipal committees; police courts and prison department; fire departments, health departments, including 4 hospitals, a leper asylum, 2 homes for the aged, and institutional care for the mentally ill; sanitation services; social welfare departments, including child welfare; a juvenile-delinquent school; public education; public works; tax assessors; public libraries, a harbor department; and miscellaneous facilitating services.

A review of the local revenues and obligations of the two municipalities for the past few years will indicate that there has been a progressive increase in local revenues, due to additional taxation as well as increased yield from existing tax sources, and a similar progressive increase in municipal expenditures and obligations. The principal cause of the increases in municipal obligations and expenditures during the past 2 years has been a new pay plan which was placed into effect for all municipal employees, under the merit system law of the Virgin Islands, for the fiscal year beginning July 1, 1952. This was made necessary because of understaffing of essential institutions such as hospitals, schools, and many departments, due to the impossibility of recruiting trained personnel at the low salaries previously offered. It is now evident that even the amended pay plan is inadequate in many respects. With the opening of the new hospitals in the Virgin Islands, it is being found increasingly difficult to recruit and retain trained doctors and nurses at the low salaries still offered.

We maintain 31 public schools with an enrollment of 5,487 pupils and 192 teachers. The cost of education is approximately $73 per pupil. It is understood that similar costs in the United States, even in smaller communities, aggregate over $150 per pupil.

We have 59 miles of paved roads and 171 miles of dirt roads. During the past fiscal year 173 miles of paved and dirt roads were repaired, patched or maintained from municipal funds. We have 19 miles of public sanitary sewers; 17 miles of public salt waterlines, used for flushing and fire protection; and 15 miles of potable waterlines. During the past fiscal year, approximately 2 million gallons of sewage were disposed of daily, and 177 public buildings were maintained.

We maintain 2 general hospitals and 2 smaller clinics and public health facilities with a total of 192 beds; two homes for the indigent; one Hansen's disease hospital, one school for delinquent boys, a penitentiary and a smaller prison. During the past year the daily ration rate for these institutions ranged from a low of $0.45 to a high of $1.37 per inmate per day. New fee bills have been adopted for hospital services as well as a plan for determination of ability to pay for such hospital fees. Rough estimates indicated that the yield will be in the neighborhood of $50,000 a year.

CONCLUSION

In order to administer these services, a minimum government structure is required, with a certain minimum personnel. Naturally, in a small community the percentage of that minimum core in regard to total employment would be much higher than in a larger community with numerous industries and business activities as outlets for employment. The problem of maintaining and administering the public services needed by the people of the Virgin Islands and at the same time keeping personnel at a minimum compatible with efficiency and economy, is a continuing dilemma of the administration.

The greater part of the expenditures of the government is reflected in the operation of the educational, health, and public works services of the islands. The government still continues to explore every possible area to reduce, or limit, expenditures for the essential public services.

Many new taxes have been imposed and there has been marked improvement in revenue collections now 59 percent more than there were 5 years ago. Although the economic picture is encouraging, it is evident that the islands have not attained an economic level necessary to produce sufficient revenues to support the minimum cost of operating essential public services of these islands on a standard necessary for maintaining the proper development of the educational, health, and welfare requirements of American citizens.

As has been stated in the past, in order to avoid making annual requests for a Federal contribution to balance the budget of the Virgin Islands, it is necessary to return to the Virgin Islands the internal revenues on articles exported from the islands to continental United States. It is hoped that the keen interest evinced by Congress this year will result in the passage of a revised organic act, including this vital provision, in the very near future.

Revenues and Expenditures of the Virgin Islands

Mr. Jensen. I am going to ask that pages 16 and 17 of the justifications be inserted in the record. Those tables show revenues and expenditures.

(The matter referred to is as follows:)

Budgeted revenues, Virgin Islands

	Fiscal year 1953	Fiscal year 1954	Fiscal year 1955
Real property tax	$206,424.29	$200,425	$207,000
Income tax	720,314.36	712,250	762,250
Automobile and gasoline tax	133,648.25	129,600	151,000
Import, export and customs duties	59,833.01	75,300	81,300
Ships' duties, pilotage, steamer and airplane fees	47,660.75	53,000	56,000
Trade tax, excise duty and internal revenues	551,557.48	527,832	588,832
Court fees	37,013.74	34,368	38,500
Stamp dues and fees from business	67,803.45	68,500	83,000
Taxes on inheritance	8,324.20	12,000	12,000
Medical service fees	24,258.03	68,170	77,618
Miscellaneous revenues	58,217.83	64,350	69,500
Contributions from special funds	32,222.39	25,000	28,000
Estimated revenues	1,947,277.78	1,970,795	2,155,000
United States contribution	745,000.00	745,000	500,000
Additional amount to be locally provided		43,682	245,000
Total estimated receipts	2,692,277.78	2,759,477	2,900,000

Virgin Islands, summary of expenditures

	Actual, fiscal year 1952–53	Estimated, fiscal year 1953–54	Estimated, fiscal year 1954–55
By functions of government:			
Legislative	$99,010.07	$93,461	$94,000
Judicial	18,389.70	18,097	19,500
Executive	204,257.80	208,775	213,500
Police and public safety	168,731.80	176,233	181,000
Public works and utility	524,530.56	530,865	535,000
Health	690,030.76	752,110	812,000
Social welfare	69,356.36	72,410	77,500
Education	575,368.69	564,807	615,000
Promotional and regulatory	8,747.44	35,440	45,500
Grants and contributions	316,680.11	307,278	307,000
Total	2,675,103.29	2,759,476	2,900,000

Virgin Islands Public Works

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$1,099,680	$1,100,000	$890,000
Prior year balance available:			
Appropriation	586,038	468,128	200,000
Contract authorization	1,462,405		
Total available for obligation	3,148,123	1,568,128	1,090,000
Balance available in subsequent year (appropriation)	−468,128	−200,000	
Obligations incurred	2,679,995	1,368,128	1,090,000

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
1. Construction of projects	$2,635,789	$1,279,578	$1,004,350
2. Administration	44,206	88,550	85,650
Obligations incurred	2,679,995	1,368,128	1,090,000

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Total number of permanent positions	16	16	13
Full-time equivalent of all other positions	1		
Average number of all employees	11	13	13
Average salaries and grades:			
General schedule grades:			
Average salary	$5,160	$5,733	$5,448
Average grade	GS-7.6	GS-8.6	GS-8.2
Crafts, protective, and custodial grades:			
Average salary	$2,420	$2,420	$2,420
Average grade	CPC-2.0	CPC-2.0	CPC-2.0
01 Personal services:			
Permanent positions	$51,978	$71,087	$67,805
Other psoitions	2,888	500	500
Regular pay in excess of 52-week base	219	275	245
Payment above basic rates	9,252	3,338	3,250
Total personal services	64,337	75,200	71,800
02 Travel	2,298	4,500	4,000
03 Transportation of things	1,260	1,000	1,000
04 Communication services	1,099	1,500	1,500
05 Rents and utility services	103	150	150
06 Printing and reporduction	397	500	500
07 Other contractual services	1,496	1,800	1,800
08 Supplies and materials	516	800	800
09 Equipment	180	3,000	4,000
10 Lands and structures	2,608,183	1,279,578	1,004,350
15 Taxes and assessments	126	100	100
Obligations incurred	2,679,995	1,368,128	1,090,000

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year:			
Appropriation	$1,471,924	$1,339,498	$1,707,626
Contract authorization	4,595		
Obligations incurred during the year	2,679,995	1,368,128	1,090,000
Total	4,156,514	2,707,626	2,797,626
Deduct:			
Obligations transferred to "Virgin Islands public works (liquidation of contract authroization), Office of Territories"	1,467,000		
Unliquidated obligations, end of year (appropriation)	1,339,498	1,707,626	1,097,626
Total expenditures	1,350,016	1,000,000	1,700,000
Expenditures are distributed as follows:			
Out of current authorizations	1,350,016	200,000	200,000
Out of prior authorizations		800,000	1,500,000

Mr. JENSEN. Mr. Marx, you are deputy public works adviser; do you have a statement that you would like to make at this time?

Mr. MARX. No; I have no statement. I think the Governor said quite a bit about what part of our programs is included in various jobs, hospitals, and so on. I think these statements in the justification here are quite clear.

JUSTIFICATION OF THE ESTIMATES

Mr. JENSEN. All right. We will insert pages 128 through 132 of the justification into the record.

(The material to be inserted is as follows:)

Virgin Islands public works

Appropriation act, 1954		$1,100,000
Decreases:		
Construction	$1,011,450	
Administration	2,900	
		1,014,350
Subtotal		85,650
Increases: Construction		804,350
Budget estimate, 1955		890,000

Analysis by activities

Activities	Appropriation, 1954	Decreases	Subtotal	Estimate, 1955	Increases
1. Construction	$1,011,450	$1,011,450		$804,350	$804,350
2. Administration	88,550	2,900	$85,650	85,650	
Total	1,100,000	1,014,350	85,650	890,000	804,350

1. CONSTRUCTION

Subactivity	Estimated cost of project	Appropriations to June 30, 1954	Estimate for 1955
(*a*) Educational facilities, St. Thomas and St. John	$4,223,245	$1,784,997	$804,350
(*b*) Educational facilities, St. Croix	2,689,755	1,724,217	
Total	6,913,000	3,509,214	804,350

The Virgin Islands public works program was authorized by the 2d session of the 78th Congress which enacted Public Law 510, approved December 20, 1944, entitled "An act to assist in the internal development of the Virgin Islands by the undertaking of useful projects therein, and for other purposes."

The act was passed after a subcommittee of the Committee on Insular Affairs of the House of Representatives had visited the Virgin Islands and had also studied a comprehensive report of the needs of the islands, prepared under the supervision of Governor Harwood, at the request of the committee. Hearings were held by the Senate Committee on Territories and Insular Affairs with members of the House Committee on Insular Affairs participating. Jurisdiction of the program covering specified projects was given to the Federal Works Agency. The program was transferred to the Department of the Interior under Reorganization Plan No. 15, effective May 24, 1950. The program is now being administered by the Office of Territories.

There has been appropriated through the fiscal year 1954 a total of $11,303,592. Congress, in the Interior Department Appropriation Act, 1952, lifted the cost limitations as fixed in the authorizing act on the projects still to be completed and instructed that schools and hospitals be financed with the money appropriated and that these programs be planned in accordance with the needs of the islands. Accordingly, a survey was made to determine the hospital needs of the islands and a hospital program costing $1,922,867 was undertaken and has been substantially completed.

As a result of a survey of the education problems in the Virgin Islands pursuant to this instruction, a school construction program totaling $6,913,000 was planned.

Up to and including the amount appropriated for the fiscal year 1954, a total of $3,509,164 has been appropriated for this purpose. Funds appropriated for the school program through the fiscal year 1953 have been obligated to construct a high school on each of the islands St. Thomas and St. Croix. The funds appropriated in 1954 will be used as follows:

St. Thomas:		
Additions and alterations: Madison Elementary School, Herrick Elementary School, Monroe Elementary School		$57,000
St. John:		
New construction: Cruz Bay Elementary School	$123,000	
Additions and alterations: East End Elementary School	9,000	
New construction: Horace Mann Elementary School	25,000	
Additions and alterations: Ben Franklin Elementary School	30,000	
		187,000
St. Croix:		
New construction: Christiansted Elementary School	461,500	
Additions and alterations: LaVallee Elementary School	36,500	
		498,000
Construction, total		742,000
Movable equipment for above schools:		
St. John and St. Thomas	$28,500	
St. Croix	[1] 44,450	
		72,950
Movable equipment for high schools, scheduled for completion in July 1955:		
St. Thomas	[2] 121,500	
St. Croix	[2] 75,000	
		196,500
Movable equipment, total		269,450
Total, 1954 appropriation, school program		1,011,450

[1] Of this amount, $3,500 is in reserve.
[2] All of this in reserve, $196,500.

Two hundred thousand dollars of the 1954 appropriation has been put in reserve by the Bureau of the Budget for future apportionment. This $200,000 will be needed and, it is expected, will be available for equipment for the 2 high schools at St. Thomas and St. Croix, which are scheduled for completion in July 1955 and for part of the equipment for the Christiansted Elementary School.

The $804,350, which is being requested for the fiscal year 1955, is for the construction and equipping of the East Side Elementary School at Charlotte Amalie, St. Thomas. This is one of the principal items in the school program planned as a result of the survey. This school will have a two-story reinforced concrete frame, floors and roof, also masonry curtain walls; it will have wood jalousie windows and doors providing cross ventilation; it will be provided with both salt and potable waterlines and modern sanitary fixtures. It will contain 25 classrooms, a combined cafeteria, kitchen and auditorium designed as one unit forming a cafetorium which can be further combined with a small library room. It will also contain the requisite restrooms and play area. It follows the general design of all of the new schools in the school program, which provide only for minimum standards in both size and finishing details; no plaster is to be used, paint will be applied directly on the masonry both interior and exterior.

A balance of $2,599,486 will be needed in subsequent years to complete the school program, as planned on the basis of the study mentioned. This will provide for:

	Estimated cost
New construction: Downtown Elementary School, St. Thomas	$703,300
New construction: West Side (Savan) Elementary School, St. Thomas	718,327
Subtotal (St. Thomas)	1,421,627
New construction: Frederiksted Elementary and Junior High School	707,809
New construction: Kings Hill Elementary School	470,050
Subtotal (St. Croix)	1,177,859
Total	2,599,486

To complete the public works program in the Virgin Islands, there is for consideration also for future years a $500,000 waterfront road as a finishing feature of the waterfront improvement project now about to be completed. This is needed to relieve congestion on the street in Charlotte Amalie now nearest the waterfront and in addition to this utilitarian use it will provide needed park facilities for the city and a suitable finish to the seawall project.

In order that the program may go forward as planned, and recognizing the limitations of the Virgin Islands Public Works Act, the Department has sent forward to the Congress an amendment to that act which, if enacted, would authorize appropriation of $5,525,000 which is sufficient to complete the program now contemplated, including the $890,000 requested herein for fiscal year 1955.

2. ADMINISTRATION

The amount of $85,650 requested for 1955 is $2,900 less than the amount estimated to be required in current year. This amount is believed to represent the minimum requirement for efficient administration of the program.

SCHOOL CONSTRUCTION

Mr. JENSEN. Will you give a brief review of page 130 at this time?

Mr. MARX. We just had a bid opening. I was down in the Virgin Islands on a 2 weeks' trip. A week ago last Wednesday we took the bids for the construction portion on this. Part of this was for equipment and part for construction. We opened bids on the construction portion.

Mr. JENSEN. On the construction portion of——

Mr. MARX. The 9 schools; that is, this upper portion here, which is estimated at $742,000. We took bids last Wednesday and we have not let the contract yet. We have 2 more weeks to let the contracts, but we feel we will leave them. We got favorable bids.

Mr. JENSEN. How many bidders did you have?

Mr. MARX. Legitimate bidders, we had about three. We had about eight altogether.

Mr. JENSEN. What do you mean?

Mr. MARX. Some of them did not even have a bond. We finally wound up with two good bidders. Both of these contractors have done work for us before, and one of the contractors in fact built the St. Thomas Hospital and did a very good job on it. He happened to be low bidder this time on the St. Croix schools. He is going to have to shift islands now. He is a very good contractor.

Mr. JENSEN. He has his equipment there?

Mr. MARX. Oh, yes.

Mr. JENSEN. He would be in a position to bid considerably lower than someone who had to move in his equipment.

Mr. MARX. That is right. It will save the moving in and moving out. On the additions, which is the first item on the page——

Mr. JENSEN. How much money is needed in 1955 to complete all of these structures and alterations now under way?

Mr. MARX. Nothing. There is no money needed on these. We have all the money we need. The only money we are asking for is to build the East Side School. That appears on page 131. We are asking for $804,350, requested for the fiscal year 1955. I will read that portion:

* * * is for the construction and equipping of the East Side Elementary School at Charlotte Amalie, St. Thomas. This is one of the principal items in the school program planned as a result of the survey. This school will have a 2-story reinforced concrete frame, floors and roof, also masonry curtain walls; it will have

wood jalousie windows and doors providing cross ventilation; it will be provided with both salt and potable waterlines and modern sanitary fixtures. It will contain 25 classrooms, a combined cafeteria, kitchen and auditorium designed as one unit forming a cafetorium which can be further combined with a small library room. It will also contain the requisite restrooms and play area. It follows the general design of all of the new schools in the school program, which provides only for minimum standards in both size and finishing details; no plaster is to be used, paint will be applied directly on the masonry, both interior and exterior.

TYPE OF CONSTRUCTION

All of these schools that appear on page 130 are of the same general design. We had one architect design all the schools. It is of modern construction, so that all the classrooms that are being built are of the same size and built of the same type of material. We felt we would get better bids that way.

Mr. JENSEN. Of course you will. They are not putting in a lot of special millwork, doors, windows, and trim?

Mr. MARX. Absolutely not. We have no windows at all. We have these wood jalousies.

Mr. JENSEN. What do you mean wood jalousies?

Mr. MARX. They look like a venetian blind only they are more substantial. They are a little bit like an awning type window, but the leaves, instead of being as wide as an awning type, are about 6 inches and they open up and let plenty of light in and plenty of air through.

Mr. JENSEN. You can do that in that climate?

Mr. MARX. Oh, yes. So many people think because there is no heat in the buildings down there we can save a lot of money over construction up here. That is true. But we have to put the double water system in. We have to put a potable water system in and we have to put a salt water system in. All the toilet flushing and all the fire fixtures are salt water.

Mr. JENSEN. You have to do that because of the scarcity of fresh water on the islands?

Mr. MARX. That is right. So we attempted to design these schools like we did the hospitals, Dr. Fenton. We built the hospitals for $10,000 a bed. Up here they are getting anywhere from $15,000 to $25,000 a bed for them. In cheapening construction we did not cheapen the frames of the building. We have got good reinforced concrete frames. We cheapened our construction in what we would call adornments. There are no adornments on them.

Mr. JENSEN. Will you please send a copy of those plans and specifications to this committee?

Mr. MARX. I sure would like to.

Mr. JENSEN. I would like to educate some of these folks who build Federal buildings and spend such a terrific amount for the frosting that they put on them.

Mr. MARX. There is no frosting on these. We think they have got everything in them that you need. In fact, we were talked into probably putting a few things in that we really didn't think belonged there. We gave in to the education people. But I think our bids are proving now that we are getting low-cost construction.

Construction generally in the Virgin Islands costs 40 percent more than it does in the States. So that a building that can be built, say, for $1 a cubic foot here costs $1.40 there. That is because of the high transportation cost.

PLANS AND SPECIFICATIONS

Mr. JENSEN. You send us a copy of your plans and specifications. If you want to write a letter along with it to supplement what those plans and specifications say and do, we would be happy to have that.

(The matter referred to is as follows:)

UNITED STATES DEPARTMENT OF THE INTERIOR,
OFFICE OF TERRITORIES,
Washington 25, D. C., February 10, 1954.

Hon. B. F. JENSEN,
Chairman, Subcommittee of the Committee on Appropriations,
House of Representatives, Washington 25, D. C.

MY DEAR MR. JENSEN: At the hearings on the Virgin Islands public works program on February 1, 1954, you requested that a set of the school plans and specifications be sent to your committee. We are very happy to comply with this request and are sending them under separate cover. These plans cover the following schools:

1. 53–105, St. Thomas, High School in Charlotte Amalie
2. 53–504, St. Croix, High School in Christiansted [1]
3. 53–504, St. Croix, Elementary School in Christiansted [1]
4. 53–504, St. Croix, LaVallee Elementary School
5. 53–105, St. Thomas, James Madison Elementary School
6. 53–105, St. Thomas, Robert Herrick Elementary School
7. 53–105, St. Thomas, James Monroe Elementary School
8. 53–105, St. John, Cruz Bay Consolidated School
9. 53–105, St. John, East End Elementary School
10. 53–105, St. John, Horace Mann Elementary School
11. 53–105, St. John, Benjamin Franklin Elementary School
12. 53–105, St. Thomas, East Side Elementary School
13. 53–504, St. Croix, Frederiksted Elementary and Junior High School
14. 53–504, St. Croix, Kings Hill Elementary School
15. 53–105, St. Thomas, Downtown Elementary School
16. 53–105, St. Thomas, West Side (Savan) Elementary School

Nos. 1 and 2 are now under contract from funds of previous years of appropriations. Nos. 3 to 11, inclusive, will be covered by a contract to be let within the next 2 weeks, funds having been made available in the 1954 appropriation. No. 12 is the school for which funds are now being requested in the fiscal 1955 appropriation. Funds for the remainder of the schools will be requested in future years.

All of these schools will be of masonry construction, having reinforced concrete frame, floors and roof to withstand hurricanes, also masonry curtain walls. This type of construction makes it possible to add or remove partitions or to add more classrooms with a minimum amount of structural disturbance. Bearing wall construction would not permit such ease of alterations.

The use of wood jalousie windows and doors provides cross ventilation, all wood being specially treated to withstand termite damage; these schools will be provided with both salt and potable water lines and modern sanitary fixtures. This is necessary because there is insufficient fresh water for both drinking and flushing purposes.

Only the two high schools have auditoriums, while all other schools have what is known as a cafetorium which is a combination cafeteria, kitchen and small auditorium. The cafetoriums are provided with folding doors permitting a portion of the room to be used as special classroom space if necessary. Where appropriate, folding doors are placed between the cafetorium and library again providing dual use of both spaces.

All schools are designed for minimum standards in both size and finishing details. No plaster will be used on any of the walls, paint will be applied directly on the masonry both interior and exterior. The average unit cost of these schools is $16 per square foot and $1.40 per cubic foot.

Sincerely yours,

WILLIAM C. STRAND, *Director.*

Mr. JENSEN. I go around these United States of ours and see Government buildings that have been constructed and are under construction; and while I do not know everything about the building game, I

[1] Consolidated school.

was in that game for 24 years, possibly in a minor way. But it does not take me long to see where a lot of money is being wasted and has been wasted in all of this fancy frosting and special designs that the architects put in their plans and specifications which make the building cost a lot more than it should.

Generally speaking, those special doors and windows and interior woodwork and cabinetwork are not as durable as standard equipment, which costs possibly a third as much as the special-made stuff. I certainly want to compliment you for seeing to it that all of that expensive stuff did not go into the buildings in the Virgin Islands. I know many architects and they are wonderful people, but nevertheless too often they are hired on a percentage basis and the amount of the contract determines how much pay they shall get. Too often, especially on Government work, they run that cost up by all this unnecessary frosting and fancy special work that they require in their plans and specifications.

Mr. MARX. On our architectural contract, we got a flat fee based on their estimate; and when the estimate goes up they get no more money. We have a flat fee.

Mr. JENSEN. That accounts possibly to some degree why you have no frosting in those buildings.

Mr. MARX. We can be criticized, or you might hear some criticism. In Miami they use a cheaper type of construction even than ours—not in the adornments. They went a little more for the adornments, but the structure itself is a cheaper type, and that is what is called bar-joist construction. We could not go into that in the Virgin Islands because of the bar-joist material. The salt air down there just eats into them and in a matter of 15 or 20 years your building is gone.

UNOBLIGATED CONSTRUCTION FUND

Mr. JENSEN. Do you have any unobligated balance in the construction fund than you already have as of June 30 of this year?

Mr. MARX. We have some few items we are finishing up, at least a few small items like putting a fence around the hospital, things like that. There will be no major items. There is $200,000 that has been put in reserve by the Bureau of the Budget. That is for equipment. We had a talk with the Bureau of the Budget and they wanted to put some money in reserve. We said, "Yes, if these high schools would not be finished so it would not be necessary for us to obligate that money before June 30." So we more or less consented to the $200,000 being put in reserve. That will not be obligated before June 30. Most of our equipment money, about $250,000, we will obligate right after June 30. We will have maybe in April or May all of our orders written up for our equipment, but we will hold them until July and then buy it. So it will come within the next fiscal year.

INCREASE IN PUPILS

Mr. JENSEN. What has been the percentage of increase in pupils that attend the public schools in the Virgin Islands?

Mr. MARX. About 10 percent in the past 3 years since this survey was made. We designed the schools for about 20 percent more pupils than they had in 1950. They have already used up 10 percent of that, so we are not overbuilt. We do not have a lot of leeway.

We do have leeway in this sense, that the rooms are designed to hold 30 pupils. They could very well hold 33. So we have 10 percent in overall that we can grow into and then we have another 10 percent and can crowd a little bit. We are not overbuilt.

Mr. FENTON. I am just a little bit confused here. What is the relative population of the main town on St. Thomas?

Mr. MARX. As against the country? I have never heard. All of these schools cover the whole island. Three of them are country schools. So in dealing with the school population, you had to deal with the whole island population. Three of these schools on St. Thomas, the first on page 130, the Madison, the Herrick, the Monroe, are what they call country schools. They are not in the confines of the city. In fact I do not know where the city limits are in St. Thomas. I have never seen the city limits sign.

Mr. NUCKER. Mr. Congressman, the island of St. Thomas was estimated at 13,000 in 1950, and 15,000 now, the Governor stated; and of that figure, over 90 percent of the population would live in the town known as Charlotte Amalie.

Mr. FENTON. So that all of these schools in Charlotte Amalie are necessary?

Mr. NUCKER. They are necessary.

Mr. FENTON. You have one elementary school there on the east side of 25 classrooms, and a combined cafeteria. Then you have a downtown elementary school and a west side elementary school. Are those schools far away?

Mr. MARX. No, they are right in town. All those three are right in town.

Mr. FENTON. Are they so far away from the students' homes that they have to have cafeterias?

Mr. MARX. It is about 2 miles across town. I think the main reason for the cafeterias, they have these school-lunch programs where they get the food from the Agriculture Department in modern schools today. You will notice we are not putting any auditoriums in these schools. All of them are cafetoriums. You can use them as an auditorium or you can use them as a lunchroom. Then we put a folding door between that and the library. We have another folding door in the cafetorium itself. So a part of the cafeteria can be used as a large classroom for special classes.

Mr. FENTON. What is the school population?

Mr. MARX. The school population at the time that we designed the St. Thomas schools was 3,107. It is now 3,219. These schools will provide space for 3,569.

Mr. FENTON. That is a pretty good population.

Mr. MARX. Yes; they have a lot of children. On St. Croix the school population at the time we designed the schools, after the survey was made in about 1950, was 1,735. Just in this last year it has risen to 1,985, and we are providing space for only 2,045.

Mr. FENTON. Are there any private schools there?

Mr. MARX. Yes; there are some private schools, Catholic schools. I think I might have their enrollment. They seem to have an awful lot of children down there. The private and parochial schools on St. Thomas have a thousand pupils. On St. John there are none. On St. Croix the private schools have 1,133 pupils.

I think that the reason the private schools' population is as high as it is is because the public schools do not provide space. In fact one of the men in our office was telling me that he put his children in a private school merely because there was not any space in the public school to put them.

REASON FOR HIGH CONSTRUCTION COSTS

Mr. BUDGE. If the average income in the Virgin Islands approximates $400 per capita, why are construction costs 40 percent more than in the United States?

Mr. MARX. I think the main reason why the construction costs are high is because if you went down there to eat a native meal, you would buy it on the $400 a year scale. But if you go down there on a trip you will eat in the hotels and you will pay $5 for a meal that you can buy here for $3. You pay the 40 percent because all the food has to be shipped in.

If a man is working on one of these jobs and he is short a particular lock, there is no place he can go to buy one. He wires the States and they send it on by plane.

Mr. BUDGE. You do not have to go to the Virgin Islands to be in that trade situation and supply situation. You can do that right here in the United States.

Mr. MARX. Yes. But take a normal contractor working in any town or city here. He does not order all of his things shipped in. He can send his trucks locally and buy an awful lot of his construction materials. In our Alaska program we have the same trouble. If you order everything and have it shipped, you are immediately faced with 25- or 35- or 40-percent shipping costs. If when that stuff gets there and it has been stolen or if it is broken—more than 10 percent of it broken—you have to reorder. You wait to get that thing in and it would throw your whole job back. So they will send it in by plane, and it costs more.

Mr. BUDGE. I am not quite satisfied that it should not be, but that is all, Mr. Chairman.

Mr. JENSEN. The contracting business, of course, is a risky business. I think the record shows that about 90 percent of the contractors go broke over a period, on the average, it seems to me, of 5 years. It may be 7 or 8 years. There is always a new crop that comes up who think they can build cheaper than anybody else.

Mr. BUDGE. Mr. Chairman, there is one other comment I would like to make here. I think that the Virgin Islands are perhaps unique in school construction. There are very, very few school districts in the United States that can say, "We can take on an additional 20 percent by putting another 3 in the room." In fact, I doubt if there are any. So your school districts with their facilities there are probably better off than 95 percent of them in the United States.

WATER SUPPLY

Mr. FENTON. What about the fresh water supply down there? The Geological Survey made a survey down there trying to find additional fresh water.

Mr. MARX. On St. Croix they are doing something with the Virgin Islands Corporation, I think; but it is not under our program.

Mr. BARTLETT. Yes, sir; there is some dam building going on on St. Thomas.

Mr. MARX. The dams are on St. Croix.

Mr. FENTON. Is there a sufficient amount of water to build those reservoirs?

Mr. BARTLETT. Yes. When it rains we have had as much as 14 inches in 18 hours.

Mr. FENTON. No underground supply?

Mr. BARTLETT. Yes, wells, the dams materially affect the underground supply by raising the water table. Wells have gone up as much as 30 feet in some instances as a result of holding that water back instead of letting it run rapidly into the sea.

Mr. JENSEN. From what level?

Mr. BARTLETT. They estimate it was down to as low as 50 or 60 feet.

Mr. JENSEN. And it has come up to 30 feet since we started building these dams?

Mr. BARTLETT. Yes, sir. I brought with me a few pictures of these dams. I thought you might like to see them. They are small dams, sir. On St. Thomas there will be 1 dam holding 3,500,000 gallons. There is a plan to construct at least 4 or 5 on St. Thomas, and 7 or 8 on St. John's. On St. Croix we now have 21 completed and 20 planned for fiscal year 1954.

Mr. JENSEN. How many of these ponds did you say you had already built?

Mr. BARTLETT. Twenty-one, sir.

Mr. JENSEN. How much money do you have in this bill to build additional ponds?

Mr. BARTLETT. $50,000 I believe is the correct figure; dam construction, no, $45,000.

RESOLUTION OF VIRGIN ISLANDS MUNICIPAL COUNCILS ON BUDGET REQUEST

Mr. JENSEN. We will insert into the record at this point a resolution of Virgin Islands Municipal Council concerning the Virgin Islands budget request.

(The matter referred to follows:)

RESOLUTION—THE NINTH MUNICIPAL COUNCIL OF ST. THOMAS AND ST. JOHN, 1953–54

Petitioning the subcommittees of the Senate and House Appropriations Committees to recommend restoration of the $245,000 deleted from the deficit appropriation for the government of the Virgin Islands for the fiscal year 1955

Whereas the government of the Virgin Islands receives each year from the Congress of the United States an appropriation of $745,000 to assist in the operation and maintenance of essential public services in the islands. This appropriation has been granted principally because it is recognized that the Virgin Islands do not enjoy, as other territories with great natural resources, the benefits of the Federal internal-revenue tax on liquors and other articles exported to the United States; and

Whereas notwithstanding this fact the Bureau of the Budget has recommended to the United States Congress that an appropriation of only $500,000 be made available to the government of the Virgin Islands for the fiscal year 1955, and emphasizing that the reduced appropriation be supplemented by economies plus the possibility of increased local revenues; and

Whereas despite the assertion that the government of the Virgin Islands depends too much on the Federal Government for support, the records indicate that the local government has done everything possible to increase revenues; it has exploited all revenue-producing sources to the fullest extent; local taxation has increased from $1,087,056.02 in 1948 to $1,947,078.99 in 1953; and

Whereas the cost of government in the Virgin Islands remains high regardless of the efforts made to reduce or limit expenditures for the essential public services. All supplies, equipment, and materials must be imported from continental United States consequently increased prices in continental United States reflect in the cost of government in the Virgin Islands. In addition, the Virgin Islands government is operated on all levels from state to municipal, thus the burden is much greater than in other small municipalities on the mainland; and

Whereas the general economic trend in the Virgin Islands reveals that it is impossible to raise the required $245,000 by increased taxation without adversely affecting local industries. It is also quite clear that no substantial reductions in expenses can be made without disastrously disrupting the public services. Considerable difficulty is being experienced in recruiting and retaining competent professional personnel, particularly in the fields of health and education where they are urgently needed; and,

Whereas the $245,000 is needed to assist in the operation of the new hospitals and the maintenance and operation of the new high schools which the United States has generously provided for the people of the Virgin Islands; and,

Whereas to reduce the Federal contributions to the Virgin Islands, and at the same time deny the use of the proceeds of the Federal internal revenue tax on liquor and other articles exported to the United States, would be virtually insuring the financial collapse of the government of the Virgin Islands: Now, therefore, be it

Resolved, and it is hereby resolved by the Municipal Council of St. Thomas and St. John in session assembled, that the subcommittees of the Senate and House Appropriations Committees be and hereby are petitioned to restore the $245,000 to the appropriation for the Virgin Islands for the fiscal year 1955 and to urge the committee and the Congress to approve same; and be it further

Resolved, and it is hereby further resolved by the Municipal Council of St. Thomas and St. John, That copies of this resolution be forwarded to the Senate and House Appropriations Committees, the Senate and House Insular Affairs Committees, the Secretary of the Department of the Interior, the Director, Division of Territories and Island Possessions and the Governor of the Virgin Islands.

Thus passed by the Municipal Council of St. Thomas and St. John on January 29, 1954.

Witness our hands and the seal of the Municipal Council of St. Thomas and St. John this 29th day of January A. D. 1954.

JOSEPH A. GOMEZ, *Chairman.*
HENRY V. RICHARDS, *Secretary.*

VIRGIN ISLANDS CORPORATION

GRANTS

Amounts available for obligation

Appropriation or estimate (obligations incurred):	
1953	$241,000
1954	1,080,000
1955	682,000

Analysis of expenditures

Obligations incurred during the year (total expenditures out of current authorizations—paid into revolving fund):	
1953	$241,000
1954	1,080,000
1955	682,000

ADMINISTRATIVE EXPENSES

Amounts available for administrative expenses

Limitation or estimate (administrative expenses):

1953	$127,239
1954	130,000
1955	130,000

Administrative expenses by activities

Sales and rentals program:

1953	$127,239
1954	130,000
1955	130,000

Administrative expenses by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Total number of permanent positions	989	948	1,002
Full-time equivalent of all other positions	188	249	206
Average number of all employees	1,177	1,197	1,208
Average salaries and grades: Ungraded positions: Average salary	$1,078	$1,012	$1,155
01 Personal services:			
Permanent positions	$1,000,131	$948,100	$1,143,300
Other positions	150,624	187,900	180,000
Regular pay in excess of 52-week base	27,222		
Payment above basic rates	20,043	14,000	18,000
Excess of annual leave earned over annual leave taken	9,599	6,000	10,000
Total personal services	1,207,619	1,156,000	1,351,300
Deduct portion not chargeable to administrative expenses	1,121,960	1,072,200	1,258,700
Net personal services	85,659	83,800	92,600
02 Travel	13,157	16,500	13,500
04 Communication services	3,763	4,500	3,800
06 Printing and reproduction	3,640	3,000	3,000
07 Other contractual services	11,099	15,600	12,000
08 Supplies and materials	4,503	4,200	3,600
11 Grants, subsidies, and contributions	5,418	2,400	1,500
Total administrative expenses	127,239	130,000	130,000

BUSINESS-TYPE STATEMENTS

PURPOSE AND FINANCIAL ORGANIZATION

The Corporation was created by the act of June 30, 1949 (63 Stat. 350), to promote the economic development of the Virgin Islands. Appropriations not to exceed $9 million were authorized to be made to a revolving fund in the Treasury, based upon annual budgets submitted by the Corporation. The appropriation of additional funds as grants to finance specific programs not primarily of a revenue-producing character and to reimburse the Corporation for operating losses is also authorized.

ANALYSIS OF BUDGET PROGRAMS

1. *Loan program.*—Loans are made (*a*) to aid farmers in agricultural diversification and to improve livestock production; (*b*) to aid business enterprises with any commercial or industrial undertaking or activity in the Virgin Islands when such loans are not available from other Federal or private sources. No appropriation is required for fiscal year 1955.

2. *Sales and rentals program.*—The main activity of the Corporation is the growing of sugarcane and the production and sale of sugar, including assistance to farmers in the form of rental of agricultural equipment and sale of seed, fertilizer, and other materials used in the cultivation of sugarcane. No appropriation is required for fiscal year 1955.

3. *Power program.*—No appropriation is required for 1955 fiscal year since sufficient generating and distribution facilities will be available. Emphasis during this period will be placed on increased consumption.

4. *Non-revenue-producting activities.*—These include continuation of water and soil conservation practices, promotion and development of tourism, and clearing land of underbrush for planting with mahogany and other tropical hardwoods.

5. *Administrative expenses.*—It is proposed that for 1955 the Corporation operate under a limitation for administrative expenses of $130,000.

FINANCING OPERATIONS

During 1953 fiscal year an appropriation of $111,000 was received covering operating losses for that period. The actual losses amounted to $390,924 for 1953 fiscal year. An appropriation of $522,000 to cover the remaining balance of 1953 deficit and estimated 1955 losses is requested. The amount of $930,000 was appropriated in 1954 for 1952 and 1954 operating losses.

An appropriation of $150,000 was received in 1954 to finance non-revenue-producing activities, and $160,000 is requested in 1955.

The revenue-producing operations of the Corporation are financed from the revolving fund, which is authorized at not to exceed $9 million. Through 1954 there has been appropriated to the revolving fund $6,388,000, of which $1,515,000 was for 1953 an $1,028,000 for 1954. No appropriation is requested in 1955 for the sales and rentals program, which mainly consists of the production and sales of sugar and assistance to farmers.

OPERATING RESULTS AND RETAINED EARNINGS

The Corporation operated at a net loss of $390,924 for 1953, and the losses for 1954 and 1955 are estimated at $400,000 and $242,076, respectively. The loss for 1953 was attributable mainly to (1) a lower average yield than was expected for the season; (2) an increase in the basic wage minimum of 33⅓ percent; and (3) a labor shortage resulting in 600 acres remaining unharvested. The estimated total deficit of $160,452 will not be covered by an appropriation request at this time.

Mr. JENSEN. Mr. Bartlett, do you have a statement you wish to make?

Mr. BARTLETT. Yes; I have a general statement here, sir.

Mr. JENSEN. Do you want to summarize that statement?

GENERAL STATEMENT OF PRESIDENT OF VIRGIN ISLANDS CORPORATION

Mr. BARTLETT. Yes, I will be glad to. First I would like to say that I am happy to be here with this committee. Five weeks tomorrow will be my term of office as President of VICORP. I have just taken over the office late in December. Previous to that I was with the Department of Agriculture, a career employee for the past 24 years, of which 18 years have been spent in Puerto Rico. During the past 2 years I have been head of the Division of Tropical Agriculture for the Department, which included the Department's agricultural research operations both in Puerto Rico and the Virgin Islands.

During the past year I have served with Secretary Benson as his adviser on VICORP matters when he was a member of the Board. I think you are all acquainted with our operations. The Virgin Islands Corporation was organized under Public Law 149, 81st Congress. Our activities are mainly in the fields of sugar and power. We have a number of smaller enterprises. We operate an abattoir which is on lease. We do stonecrushing. We have a program of specialty crops, this year we have 100 acres in beans; and we also have a livestock development program. All of those items are under our revolving fund or revenue-producing program.

Under the non-revenue-producing programs, we have the land and water development, dam construction, a tourist development program, and a forestry program. Sugar production is our most important operation. At the present time we have a quota of 12,000 tons. I think it has been brought up many times before regarding our need for a greater quota. It is my personal feeling that the figure of 20,000 tons, which has been given, is perhaps high at this time. I would certainly like to see it raised, however, to 16,000 tons by 1956 because I believe we can carry out such an operation and have an economical type of operation.

Mr. JENSEN. You requested 20,000 tons?

Mr. BARTLETT. That has been the figure that has been used in the past by the Governor and other interested parties. I think we eventually should look forward to 20,000 tons; but I feel that if we had 16,000 tons by 1956, with the promise of an additional 2,000 tons a year afterward up to 20,000 tons our problem would be met. You cannot go into sugar production overnight. It takes some time to prepare your land, plant your crop, and bring it to harvest. After all, sugar is an 18-month crop, so it is not a question of saying tomorrow you are going to make 20,000 tons. It takes planning and preparation.

I have been amazed at what I have found in my first 5 weeks in trying to delve into some of the affairs of the Corporation. I had always understood—erroneously, apparently—that the big losses occurred in our sugarcane-growing operation. As I studied the figures I found that actually during 1953, at least, losses from sugarcane production amounted to only 11 percent of the total losses. Our big loss has been in the factory operation, or the milling operation, which accounts for nearly 73 percent of the loss.

SUGAR FACTORY OPERATIONS

Mr. JENSEN. In the factory operations?

Mr. BARTLETT. In the factory operations, in the milling, and actual grinding of the cane. We ordinarily separate the two operations, field and factory. In Puerto Rico, for example, most mills seldom cultivate more than 500 acres of cane. The production is usually an entirely separate operation.

Mr. JENSEN. What is that loss due to in your factory operation?

Mr. BARTLETT. We have just had a study made by Dr. Keller from Louisiana State University, who is an expert in the field. He accounts for it, I think, mainly on two points. One, in the lost time in the factory, which last year amounted to about 43 percent.

Mr. JENSEN. Because of what?

Mr. BARTLETT. Breakdowns mainly. Just equipment giving out. When the Virgin Islands Corporation acquired that factory, it was an old Danish factory. It had been milked to the last drop for what it was worth, and up to 2 years ago no substantial capital investments were made in the factory. As a result we were just working with a factory that was held together with baling wire. Our situation has improved tremendously. There have been substantial investments made in the factory, and I think this year we can perhaps look forward to the most efficient milling season we have ever had.

Mr. JENSEN. Is that report too lengthy to put into the record?

Mr. BARTLETT. Yes. It is a very extensive report.

Mr. JENSEN. Is there a summary?

Mr. BARTLETT. No, there is not, but there will be a summary prepared.

Mr. JENSEN. Will you prepare a summary?

Mr. BARTLETT. There is also a field report which goes along with that. This was done at the request of Secretary Benson and was made by the Sugar Branch of the Department of Agriculture.

Mr. JENSEN. Will you summarize that report and send it to the committee so we can get it in the record before we close the hearings?

Mr. BARTLETT. I will be glad to do that, sir.

Mr. JENSEN. I think it is very important, Mr. Strand, that the summary of that report goes into this record, because that really has been the bugaboo and the headache for this committee for many, many years. We always wondered why that great loss in that sugar industry in the Virgin Islands.

Mr. BARTLETT. I was surprised to find the heavy loss in the factory as compared to the field losses. I do not think there is any question but what the field losses can be substantially reduced and made to show a profit within a very short period of time. The factory loss is something that is going to take a good deal longer to work out and has many more complications. I would like to read just this statement from the field report.

> In short, yields obtained in recent years demonstrate that St. Croix' natural resources are sufficient to maintain a sugar industry of unlimited size.

I will not elaborate on this but that was the conclusion of an independent report made by the Department of Agriculture for Secretary Benson. That ought to refute some of the things that have been said about our sugar industry on St. Croix.

Mr. JENSEN. In summarizing that report, I think it best to hold it down to not more than six typewritten pages.

Mr. BARTLETT. Yes, sir.

(The matter referred to follows:)

SUMMARY OF REPORTS ON SUGARCANE PRODUCTION IN ST. CROIX

The Board of Directors of the Virgin Islands Corporation requested the Secretary of Agriculture to utilize his facilities to make a study and economic appraisal of the sugar operations of the Virgin Islands Corporation. Two separate studies were made, one of the field operations, by Tom O. Murphy, of the Department of Agriculture, and another of the factory or milling operations by Dr. Arthur G. Keller, of Louisiana State University. The following is a summary of the two reports.

The Federal Government presently has an investment of $2 million in land, factory, and equipment in the sugar enterprise. Most of this investment would be worthless unless the operation is continued either by the Government or by private interests. Until such time as the production of sugar can be placed on a profitable basis it is unlikely that private interests would care to acquire the property on terms favorable to the Government and with the intention to continue the operation. It must be concluded that a successful effort to establish the Government-operated sugar enterprise on a self-sustaining basis would be advantageous to both residents of St. Croix and the Government. Such a sugar enterprise would best serve the long-term interests of the inhabitants if operated strictly on a business basis. The Corporation's policy should be reorientated from one of expansion to the use of the most profitable proportions of the labor, equipment, and land resources available to it. Net rather than gross returns should be emphasized.

Existing wage rates are not justified by the present level of labor productivity, present rates have been induced by minimum-wage legislation of the municipal council. Efforts such as the successful one of July 1952 to increase wage rates by legislation regardless of the economics of the situation should be opposed steadfastly by the Corporation and resisted by civil authorities until a balance between productivity and wages is achieved. Field labor requirements per 100 pounds of sugar produced are about on a parity with Puerto Rico but wage rates average 147 percent of those of Puerto Rico. St. Croix is one of the few areas in the world where field labor earns on the average as much as the substantially more skilled factory labor. The need for importing alien workers to cut cane in recent years has arisen primarily because of extensive Federal public works programs. To the fullest extent possible large scale public construction should be concentrated during the nonharvest period of the sugarcane operations.

One of the outstanding weaknesses of the Corporation is the lack of an able corps of supervisory personnel. The report recommends that a Chief Field Administrator, and several assistants selected by him, should be brought in from one of the other sugar cane areas. These men should be of sufficient stature to gain and respect and to train labor foremen in the proper handling of labor. The new Field Administrator should survey the Corporation's sugarcane lands exhaustively and determine whether to retain or retire fields strictly on the best forecast of the relative net returns from sugar versus alternate uses.

Even though it is an autonomous corporation, VICORP is required to file many reports characteristic of Government administrative agencies. The related bookkeeping control of this corporate entity should be simplified to the fullest extent permitted by law. Preferably the Board of Directors should establish procurement, property disposal, and employment policies of the offices of VICORP permitted discretion to act within the limitations of these policies. Records should be maintained according to ordinary commercial procedure necessary to provide budgetary information, financial reports to Washington, and periodic audit by the General Accounting Office.

In the production of sugarcane VICORP's principal disadvantage in relation to other areas concerns harvesting rather than cultivation. One obvious solution would be to mechanize the cane-cutting operation but this involves a period of constant trial and error and aggravates the problem of sucrose extraction in the factory. The management should continue to study the possibility of adopting mechanical harvesting but as long as cane cutters can be obtained either locally or by importation any attempt to convert on a large scale should be deferred until present operations have been reduced to a smooth routine.

Factory operations have shown substantial financial losses during recent years. The factors mainly responsible are poor quality cane, excessive labor requirements, poor recovery of sugar, and too much lost time. The forecast of earnings based on estimated optima as regards each of the above 4 factors indicates that earnings will be insufficient to cover interest and depreciation charges for an annual volume of 120,000 tons of cane. A forecast of financial results shows gross savings of $70,000 on operations but interest and depreciation charges of $170,000 with a net loss of $100,000. If this operation could be achieved—and it seems quite possible that it can be—it would compare favorably with the $300,000 loss for the 1953 operations.

Depreciation charges against the factory operation are abnormally high for a plant of this type and capacity. They compare most unfavorably with mills of similar capacity in Louisiana. It would appear that while the depreciation charges against the factory are correct from an accounting standpoint the fair value of the plant and the property is far below the book value. Depreciation charges should be more in line with the realities of the situation. Using Louisiana mills as a guide, it would appear that depreciation charges are at least twice as high as they should be for a plant of this size and type.

To summarize, it appears that there is little likelihood that the sugar operations of the Virgin Islands Corporation can be placed on a self-sustaining basis within the limits of current legislation and presently invested capital. Yields in recent years, however, demonstrate that St. Croix's natural resources are sufficient to maintain a sugar industry of limited size. The attainment of a self-sustaining enterprise depends largely on the human element, on the success of the Corporation in organizing its own efforts, on the degree of integration of future Federal activities on St. Croix, and on the extent of cooperation obtained from workers and local labor leaders in an effort to bring labor productivity into balance with current wage rates.

KENNETH A. BARTLETT,
President, Virgin Islands Corporation.

Mr. BARTLETT. There is another point I might bring out in connection with this, I think it perhaps answers Congressman Budge's comment on labor down there. In the same report this statement is made:

> An attainment of self-sustaining enterprise depends largely on the human effort, on the success of the Corporation in organizing its own efforts, on the degree of integration of future Federal activity on St. Croix, and the extent of cooperation obtained from workers and local leaders in the effort to bring labor productivity into balance with current wage rates.

We are paying, for example, in the sugar industry the same field wages that are being paid in Puerto Rico. But to produce 1 ton of sugarcane, let us say, costs in Puerto Rico $1; it costs $1.47 in the Virgin Islands. So it is a question of labor productivity and not wages.

Mr. JENSEN. We will insert your full statement at this point in the record, Mr. Bartlett.

(The statement is as follows:)

VIRGIN ISLANDS CORPORATION STATEMENT BY KENNETH A. BARTLETT, PRESIDENT

I am pleased to have such an early opportunity to meet with this committee. I have only recently been appointed President of the Virgin Islands Corporation and am anxious to have your views on the problems which confront the Corporation. I would like first to state that I am a career Government employee, having served in the Department of Agriculture for over 24 years. I have spent the last 18 years in Puerto Rico and the Virgin Islands where I have been in charge of the Division of Tropical Agriculture of the Department.

The Virgin Islands Corporation was organized by Public Law 149, 81st Congress, to promote the general welfare of the inhabitants of the Virgin Islands of the United States through the economic development of the Virgin Islands. The Corporation is undoubtedly the backbone of the economy, particularly in the Island of St. Croix. The Corporation's operations include the growing and processing of sugarcane, the operation of the power plants on the Island of St. Thomas and St. Croix; a number of smaller operations such as livestock development, special crops, a stone crusher, and the rental of agricultural equipment. Under grants provided by the Congress the Corporation has conducted an extensive land and water development program constructing dams, clearing land, and a small forestry development.

In 5 weeks it has been impossible for me to become fully acquainted with the ramifications of the Corporation, but because of my close association with the Virgin Islands, and particularly its agricultural problems, the task has been somewhat easier. I would like to discuss briefly now, and to amplify upon as further discussions dictate, some of the operations of the Corporation. The Sugar Branch of the Department of Agriculture, in a recent study made at the request of Secretary Benson, concluded, and I quote: "St. Croix's natural resources are sufficient to maintain a sugar industry of limited size." If this conclusion is correct, and I believe it to be so, we must then admit that, at least for the present, sugarcane is the only crop which can be recommended to maintain the agricultural economy of the islands.

The question of the sugar quota has been the subject of considerable discussion. There are those who advocate that we must have a 20,000-ton quota to break even on our operation; however, we cannot build up to such a figure without planned expansion. It is my personal contention that the Corporation must first demonstrate the ability to produce sugarcane economically, in order to convince private enterprise that the production of sugarcane can be profitable. I believe a more realistic approach to the quota problem would be 16,000 tons in 1956 with an increase of 2,000 tons per year thereafter up to a total of 20,000 tons. The figure of 20,000 tons is based on an efficient milling operation without further mill expansion or substantial capital investment. Under normal operating conditions the present mill should handle 180 tons of cane in 120 days, giving a high ratio of efficiency between overhead, operating cost, and sugar produced. The sugar milling operation was responsible for 76 percent of the losses of the Corporation in 1953. In view of recent major capital investments in the mill it is expected that great improvement will result during the present year. Better

recovery of sugar, less lost time, and fewer repairs seem assured. However, the human element of excess overhead and high-labor costs are important factors which must be reduced wherever possible.

The actual field production of sugarcane for a 20,000-ton quota of sugar will not be difficult to accomplish, provided the operation is well planned in advance. It is of interest to note that the sugarcane field operations were responsible for only 11 percent of the losses in 1953. I have little doubt that the field operation can be made to pay through the use of better cane varieties, better management practices, mechanization and a better milling operation, thus giving a higher return of sugar produced per ton of cane ground. I feel the field side of operation is on the road to success. As pointed out in the Sugar Branch report, however, and I quote: "Attainment of a self-sustaining enterprise depends largely on the human element; on the success of the corporation in organizing its own efforts; on the degree of integration of future Federal activity on St. Croix; and on the extent of cooperation obtained from workers and local leaders in the effort to bring labor productivity into balance with current wage rates."

I simply wish to state at this time that steps along the lines suggested have already been taken, including a proposed reorganization of the Corporation, some reduction in personnel, termination of certain fringe benefits being given to employees in the form of overtime and transportation, and a determination with local labor leaders that the wage line must be held until the Corporation can stand on its own feet.

I understand that this committee has been critical of expenditures of funds by the Corporation for the development of tourism. You will note that I have used the word "development," not "promotion." The Virgin Islands have tremendous possibilities to attract tourists because of climate, natural beauty, and their insular charm. They lack, however, good roads, recreational facilities, and general development which will result in a year-round tourist business rather than a highly seasonal one. A sound tourist development program will, in my opinion, provide many opportunities for employment and tourism should be an important part of the island's economy.

The Virgin Islands have a good potential for further agricultural development in sugarcane, cattle, special crops, and greater production of food crops for local use. If the agricultural economy end can be coupled and coordinated with a sound tourist development I feel strongly that the Virgin Islands need no longer be looked upon as an "effective poorhouse" nor do the taxpayers of the United States need look to continue to sustain them.

REVOLVING FUND

Mr. BARTLETT. There are no funds requested for the revolving fund. We plan to use the funds which have been authorized and not been used. We have about $450,000 which was appropriated for loan funds and for tourist development which have never been used. We will use these funds for items usually requested for capital improvements in the mill, estimated at $30,000; house repairs and maintenance of our buildings; and our livestock development program. We plan to use funds which have already been authorized for the above purposes.

Of the funds which we have in our loan program, we have used only about $156,000 out of an authorization of $400,000, and most of that amount, has already been repaid. We have only $16,000 outstanding, so we have substantial authorized funds to use for the purposes mentioned above.

Mr. JENSEN. From the financial statement in the budget it appears that Treasury cash will have to be reduced $168,889 to meet the 1955 program. What do you mean by that?

Mr. BARTLETT. It is intended to use money which is available in our revolving fund for the Capital improvement program. By using funds on hand I am pleased to state that no request for funds is con-

tained in the 1955 budget for housing facilities, sugar mill and agricultural equipment, or the livestock development program.

We are not asking for any funds under the revolving fund for our revenue-producing program until the above funds have been utilized.

GRANTS

Mr. JENSEN. Grants, $682,000. $522,000 is requested to cover 1953 operating losses of $279,924, and estimated 1955 losses of $242,076. What happens if this money is not appropriated?

Mr. BARTLETT. We lose that much in our revolving fund. That is lost to us and we do not have the use of it for operations such as paying of our labor and so forth.

Mr. JENSEN. It is all taken into consideration in your revolving fund?

Mr. BARTLETT. It is all taken into consideration in our general operations.

Mr. JENSEN. Why is the 1955 program laid out on a deficit basis?

Mr. BARTLETT. That was prepared by my predecessor, and, as you know, we have been operating on a deficit basis ever since the Corporation was established. That is a rather low figure, as a matter of fact. In this past year it amounted to $392,000. I have no estimate of what it will be for the present fiscal year. As I say, I can pinpoint those losses for you. I pulled them out for my own information trying to find out where we are going to have to try to make improvements.

Our losses in 1953 amounted to $4,000 in St. Croix Power Division operations; $53,000 in the field operations of sugarcane production; $363,000 in the operations of the mill; $5,000 in the abattoir—which will be recovered; and $38,000 under miscellaneous, which included the livestock development program, for which there was a substantial outlay during this present fiscal year. We were buying animals in order to start the program. Eventually that should become a revenue-producing program, but the first year it was a complete outlay for stock.

Mr. JENSEN. Is it necessary for us to appropriate in 1955 $242,076 for anticipated or estimated losses during that fiscal year?

Mr. BARTLETT. Under the law I believe we are required to estimate our losses.

Mr. JENSEN. Did you?

Mr. BARTLETT. No, sir. I did not prepare this estimate. As I say, I have only been in this position 5 weeks tomorrow. It was prepared sometime ago.

Mr. JENSEN. If you can enlighten us on that matter at the same time you send a summary of that report, we would appreciate it—on that $242,076. Is it not possible to budget within your revenues in this instance?

Mr. BARTLETT. Not on the basis of the heavy losses we have.

Mr. JENSEN. Will you tell us that in your statement?

Mr. BARTLETT. Yes, sir.

(The matter referred to follows:)

Authority To Request Funds To Cover Losses Sustained in the Operation of the Virgin Islands Corporation

Section 8a of Public Law 149, 81st Congress reads as follows:

"Appropriations are hereby authorized for payment to the Corporation in the form of a grant, in such amounts as may be estimated in advance in the annual budget as necessary to cover losses to be sustained in the conduct of its activities which are included in the annual budget as predominantly revenue producing. The Corporation's annual budget program shall specifically set forth any loss sustained in excess of the grant previously made for the last completed fiscal year. Appropriations are hereby authorized for payment to the Corporation to cover such additional losses incurred."

Each year it has been customary to ask for appropriations to cover losses of the Corporation, the reason being to keep the revolving fund whole. If funds were not appropriated to cover actual losses for past years the Corporation's assets would in time be depleted. The purpose in asking for losses in advance is to make sure that the Corporation will have available cash for the operating year.

SOIL AND MOISTURE PROGRAM

Mr. Jensen. Why has the soil and moisture program been cut back from $245,450 allowed this year—that is, fiscal 1954—to $100,000 for 1955?

Mr. Bartlett. We purchased during the first 2 years a good deal of substantial heavy equipment which was necessary for this program. Now it is more a question of operations than purchasing equipment. It is a question of getting out and doing the job.

Mr. Jensen. Can you get the landowners to assist, the folks who are farming those lands? Can you get them to contribute free of charge their labor to help in building these dams?

Mr. Bartlett. We have not been able to.

Mr. Jensen. Then they do not care much about water down there.

Mr. Bartlett. They should. But they look upon the Government to do it.

Mr. Jensen. You can tell them from this committee that we have leaned over backwards; we have appropriated money for the building of these water reservoirs to make that land more productive; and hence it has been a direct contribution to those folks who farm that land. Here on the mainland a farmer must not only show interest, but he must do about five times more than the Government does before he gets any benefits through our soil and moisture program. They are happy to do it because it pays them well the first year by putting in these soil-conservation practices.

This is a water-conservation practice, and certainly if there is anything that the Virgin Islands needs, it is fresh water. What the farmer needs down there is a better fresh water supply. It not only assists them in furnishing the fresh water that is needed for their farms, but it also brings up the water table. It brings the water and moisture closer to the roots of their crops, which will permit a crop to grow and produce through a drought to a greater degree than if the water table was, say, 30 feet lower.

So I certainly hope that they will roll up their sleeves and even get down in their pockets—those who can afford it—and assist in that program.

Mr. Bartlett. I wanted to make that point, because many of them are small farmers who cannot possibly afford to even think of such an operation. Their incomes are $500 to $1,000, as the Governor pointed out.

Mr. JENSEN. I understand that. But there is no reason why they cannot go out and help do the labor on these jobs.

Mr. BARTLETT. Most of the labor is with heavy machinery. It is not a hand job. Very, very little of it is a hand operation. I would say less than 5 percent probably is hand operation. Also these dams help many people down the line. If you put it on this man's farm, it may help a dozen farms down the line and you run into problems of who is getting the most benefit from it if you try to collect for it.

Mr. JENSEN. There are farmers down there who have tractors?

Mr. BARTLETT. No. I do not believe outside of the machinery owned by VICORP there are more than 3 or perhaps 5 tractors on the entire land.

Mr. JENSEN. That is surprising.

Mr. BARTLETT. It is a very poor economy.

Mr. FENTON. I believe you said something about some losses from the fields. What is the Government's interest in the fields? You say that the land is owned by farmers there. How does the Government partake in that?

Mr. BARTLETT. The Corporation owns 5,000 acres of land, in round figures; 4,800-odd acres of land. We cultivate those lands and produce sugarcane on them. The Board of Directors just authorized the sale of 800 acres of land to be broken up into small farms through the Farmers' Home Administration. That is the first step that the new Board of Directors has taken to get some of this land back into the hands of the people. We have set that up as a sort of a 5-year experiment. In fact I spearheaded that program when I was with the Department of Agriculture for Secretary Benson. The first deeds will pass, we hope, in March; and we will have 12 new farmers with enough land to make a living off of.

Mr. JENSEN. How many new farmers?

Mr. BARTLETT. Twelve. We are dividing them up into about 70- to 80-acre farms, and it will come out to 12 or perhaps 14 farmers when we divide up this 800 acres.

Mr. JENSEN. How much of the land is owned by private farmers?

PRODUCTION OF SUGARCANE

Mr. BARTLETT. There are about 50,000 acres in total there. So it leaves 45,000 in private hands. That is divided up in large blocks in many cases. There are families who own rather large holdings. But the corporation itself actually operates and produces on about 4,000 to 5,000 acres of land. We produce about two-thirds of the cane grown on the island at the present time.

Mr. JENSEN. The Virgin Islands Corporation?

Mr. BARTLETT. The Corporation does, yes, sir.

Mr. FENTON. On the 5,000 acres?

Mr. BARTLETT. Yes, that is correct. The total acreage in cane is 8,000, or over, but the small growers' production per acre is much lower than the corporation's. Their average last year was 16 to 18 tons per acre, where the Corporation's has been as high as 33 tons to the acre. We are working closely with them. In fact it is my plan to set up within our sugarcane operations a man who will work with the small farmers trying to get them to adopt some of the better varie-

ties, better management practices, use of herbicides in cultivation, which should increase their average considerably and their income thereby.

Some of them only have as much as a quarter of an acre of cane, up to 5 acres. I think there are actually about 16 who have 20 acres or over in private growers—of which there are over 500. I believe there are 517 growers who actually deliver their cane to our mill. The problem is to get them to do a better job and put a little more backpower into their operation, get out and cultivate and take care of it.

Of course if we could bring their average production up to where the Corporation is, then we would be faced with a serious problem on our sugar quota because we are now producing overquota at the present time. Last year we were 1,300 tons over quota. This year we will probably run another 2,000 tons over quota, which will give us a carryover of 3,000 to 4,000 tons of sugar. It either has to be sold at a loss on the world market or simply held for emergency and/or future sale.

Mr. JENSEN. What are you getting for raw sugar now?

Mr. BARTLETT. The market is about $6.05 or $6.10. It has been around there for the last month.

Mr. JENSEN. That is what you get for the quota sugar?

Mr. BARTLETT. That is just the quota sugar. The world market is about $3.20, about half, besides losing our benefit payments under the Sugar Act.

Mr. JENSEN. I think it might be well to tell those folks down there that they can afford to give financial aid to the building of these reservoirs, that this committee would look with favor on their doing that; and if they will do that, it is very possible that this committee will appropriate more money for the building of ponds than if they refused to do that. That is only good commonsense, and the American way of cooperating one with the other to get a job done.

TOURIST TRADE

Why is the $30,000 requested for tourism in view of the committee's very definite position on this activity?

Mr. BARTLETT. Again I must say that this budget was made up by my predecessor. I do feel that tourism is a very important part of our economy. As the Governor pointed out, it has contributed an income of $6,000,000, estimated, during the past year.

Mr. JENSEN. Just what will you do if we approve that $30,000? What will you spend it for?

Mr. BARTLETT. I would like to see it put into newspaper advertising and in getting out this type of magazine which is published down there to every travel agency in the United States, so more people will come to Virgin Islands.

Mr. JENSEN. Do you think that would be money well spent?

Mr. BARTLETT. I think it would be money very well spent. They sell this little magazine for 50 cents down there. But it is like everything else; in advertising you have to keep your name before the public. You have got to have it constantly in every travel agency, every steamship agency, any place that you can get it in. We need more national advertising.

The tourist interests do a pretty good job also. I asked them to get me a few pamphlets. These are the type of thing gotten out by the local people.

Mr. JENSEN. Where is this magazine printed?

Mr. BARTLETT. That is printed in St. Thomas by a local printing company there.

Mr. JENSEN. I must say he does a nice job.

Mr. BARTLETT. There is a good local sale of these magazines to people who come to the islands. I have discussed this with the tourist development board and with other interested agencies in the islands, and they are all agreed that our funds, Virgin Islands Corporation funds, whatever might be available for tourism, should be spent for this type of advertising, for getting the name of the Virgin Islands before the public. It would not be confined entirely to this. We would plan to use magazine and newspaper advertising wherever possible. But it would not be spent locally for entertainment purposes or for just general publicity purposes.

Mr. FENTON. Where do most tourists go, St. Thomas or St. Croix?

Mr. BARTLETT. St. Thomas is the main tourist island. That is due primarily to the number of beds available. This year the tourist business on St. Croix has actually been better than on St. Thomas percentagewise. We have more repeat business in St. Croix than we seem to have in St. Thomas. Older people are more likely to come down there and spend a couple of weeks just lying around doing nothing; whereas in St. Thomas you have more night life, more night clubs. You get a different type of tourist trade in the two islands. They are not comparable at all, in their tourist outlook particularly; and they strive for different types of people and actually differ in their advertising.

Mr. FENTON. Which has the better beaches?

Mr. BARTLETT. They both have fine beaches. I do feel that the small operators there, the small guest houses, the small hotels, need help in national publicity. They are just not in a position to do it themselves. They can get out these little pamphlets and distribute them, but they need broad national publicity to help them.

Another fallacy about the tourist business in the Virgin Islands is that most people come in January, February, and March, and we have few the rest of the year. I would like to see a type of advertising which spread the load a little bit and help employment. Actually the tourist industry is estimated to employ something over 4,000 people directly and indirectly. It means a great deal to the economy of the islands.

Mr. JENSEN. What is the average temperature down there?

Mr. BARTLETT. 76 degrees is the mean.

Mr. JENSEN. How much does it vary?

Mr. BARTLETT. It varies 5 degrees.

Mr. JENSEN. Winter and summer?

Mr. BARTLETT. Winter and summer, that is the mean, 76 degrees. We seldom have temperatures over 90 and 65 is the minimum for a few cool mornings.

REPAYMENT OF INVESTMENT IN VIRGIN ISLANDS

Mr. BUDGE. Dr. Bartlett, you were reading the figures rather rapidly, there, as to losses this last year. Did I understand you to say that the power division lost $4,000?

Mr. BARTLETT. For the fiscal year, the power division in St. Croix lost $4,000. The power division in St. Thomas made $68,000. For the calendar year, on which I just have the figures, we cleared $1,924 in St. Croix, and $37,000 in St. Thomas. There has been a reduction in rates there, and those figures include amortization against the Navy plant on St. Thomas which has been under discussion. We are now operating definitely in the black in both islands, very definitely.

Mr. BUDGE. I do not know whether you are or not. You have got an investment there of over $2 million.

Mr. BARTLETT. We are taking off interest and depreciation charges against that, though.

Mr. BUDGE. You have got a long ways to go back here. The Federal Government up to and including the fiscal year 1952 had appropriated over $12 million to the Virgin Islands Corporation and its predecessor. In fiscal year 1952 you lost almost $600,000 in your operations outside of the power division.

Mr. BARTLETT. That was mainly in sugar; yes, sir.

CAPITAL FURNISHED BY THE UNITED STATES GOVERNMENT

Mr. BUDGE. I ask unanimous consent that the tabulation set forth on page 566 of last year's hearings, which is up to and including fiscal year 1952, be brought up to date with the fiscal year 1953, and the estimates for fiscal year 1954 and 1955.

Mr. JENSEN. Without objection.

(The matter referred to is as follows:)

Statement of capital furnished by the U. S. Government to the Virgin Islands Company and the Virgin Islands Corporation

Virgin Islands Company:	
National Industrial Recovery and Public Works Administration funds used to purchase and rehabilitate the properties operated by the Company under agreement with the Department of the Interior	$2, 965, 252
Grants from Federal relief funds	899, 269
Loans from the Rural Electrification Administration	255, 502
Deferred interest on loans from the Rural Electrification Administration (of which $17,883 is included in the amount of the notes)	21, 923
Capital stock subscriptions	30
Loans from the U. S. Treasury	750, 000
Total capital furnished Virgin Islands Company	4, 891, 976
Virgin Islands Corporation:	
Appropriations, fiscal years 1950 through 1954:	
Revolving fund	6, 388, 000
Grants	2, 951, 000
Total appropriations to Virgin Islands Corporation	9, 339, 000
Grand total	14, 230, 976

Virgin Islands Company and Virgin Islands Corporation—Income, expense, and gross profit or loss (fiscal years 1935–53)

Fiscal year ending June 30—	Income	Expense	Gross profit or loss (−)
1935	$2,923.20	$26,210.10	−$23,286.90
1936	53,619.77	64,990.41	−11,370.64
1937	221,689.40	216,529.55	+5,159.85
1938	344,498.17	430,918.83	−86,420.66
1939	194,558.12	217,560.49	−23,002.37
1940	349,051.82	387,348.53	−38,296.71
1941	281,155.90	341,612.20	−60,456.30
1942	462,347.07	503,200.09	−40,853.02
1943	320,824.95	297,179.67	23,645.28
1944	1,299,810.75	674,146.82	625,663.93
1945	668,593.51	630,135.05	38,458.46
1946	660,571.00	691,948.00	−31,377.00
1947	770,035.66	855,416.67	−85,381.01
1948	426,936.81	647,048.36	−220,111.55
1949	662,499.70	1,082,711.33	−420,211.63
1950	1,737,380.00	2,010,993.00	−273,613.00
1951	1,164,977.00	1,564,138.00	−399,161.00
1952	1,499,421.00	2,095,233.00	−595,812.00
1953	1,954,819.00	2,423,962.00	−469,143.00
Total	13,075,712.83	15,161,282.10	−2,085,569.27
	Power Division (formerly Rural Electric Division)		
1942	$15,447.58	$12,331.98	$3,115.60
1943	36,650.13	32,425.74	4,224.39
1944	39,557.69	36,867.28	2,690.41
1945	24,532.77	36,807.74	−12,274.97
1946	25,624.00	38,494.00	−12,870.00
1947	24,168.75	44,943.22	−20,774.47
1948	29,836.19	46,095.41	−16,259.22
1949	49,077.75	56,995.60	−7,917.85
1950	78,471.00	89,671.00	−11,200.00
1951	104,005.00	95,413.00	8,592.00
1952	127,292.00	116,070.00	11,222.00
1953	336,746.00	263,138.00	73,608.00
Total	891,408.86	869,252.97	22,155.89

Mr. JENSEN. Mr. Strand, that concludes the hearings on the Virgin Islands. We want to thank all you gentlemen for participating. Mr. Bartlett, I am sure you recognize the job you have to do down there is not all pleasure.

Mr. BARTLETT. I certainly do, sir. Many people have asked me why I took it. I have answered because I thought it was a real challenge and something could be done with it. That is what I intend to try to do.

Mr. JENSEN. We are going to look for great things from you.

Mr. BARTLETT. If you do not expect them too quickly, I will try to give them to you.

TUESDAY, FEBRUARY 2, 1954.

TERRITORY OF ALASKA

Mr. JENSEN. The committee will come to order.

We are happy to have with us today, Mr. Strand, Director of Territories, and Governor Heintzleman, the Governor of Alaska. Governor, I believe you appeared before this committee for a few minutes during the last session?

Governor HEINTZLEMAN. Yes, I did. Shortly after I was confirmed for my position.

Mr. JENSEN. Yes. You came up and paid us a courtesy call and made a statement about your background.

Governor HEINTZLEMAN. Yes.

Mr. JENSEN. You have now been Governor of Alaska for how long?

Governor HEINTZLEMAN. Since April 10 last year.

Mr. JENSEN. You do not have all the problems in Alaska solved yet?

Governor HEINTZLEMAN. Not quite.

Mr. JENSEN. But you are on your way.

Mr. Strand, do you have a statement that you would like to make before we hear the Governor?

Mr. STRAND. I would like to say that I am awfully happy that the Governor is here to explain for the information of the committee the details of that portion of the budget of the Office of Territories that pertains to his office. I am sure that his discussion will be very enlightening. I do not know of anyone who has a greater grasp of the problems of Alaska than Governor Heintzleman. He has worked for well over 20 years in behalf of the development of the Territory as an employee of the Federal Government.

Down at Ketchikan today there is being constructed a magnificent pulp-producing plant which is in itself a monument to Governor Heintzleman's efforts. For years going back far beyond when I first went to the Territory it was his dream that the great timber stands in the national forests be utilized for the good and for the development of the Territory. His dream is now becoming fact and this is the first step.

Mr. JENSEN. Is the factory in operation yet?

Governor HEINTZLEMAN. It will be in operation in April of this year.

Mr. JENSEN. That is good. Go ahead, Mr. Strand. Is there anything else?

Mr. STRAND. The Governor tells me that this is only the beginning. He has high hopes there will be other industrial installations in southeastern Alaska which will add to the utilization of Alaska's timber resources. Of course, this means private capital being invested in the Territory and the start of new industries on which its future must depend.

Mr. JENSEN. That is right. I might say, Mr. Strand, that this committee has for many years been very interested in the welfare of Alaska. Mr. Kirwan, as chairman of this committee, has been greatly interested in Alaska, as has every other member. We have especially been interested in the building of highways. We have appropriated great sums for road construction in Alaska, knowing full well that no area can be properly developed without roads. So certainly we take some pride in the fact that we have had a part in the building of roads and other things which have been good for Alaska. I am sure that we have not changed our minds, nor will we change our positions. We may differ with you; we may differ with the Governor; but our interests will be honest and sincere.

So with that I say again, Governor, we are pleased to have you here and we would be pleased to listen to your statement.

STATEMENT OF THE GOVERNOR

Governor HEINTZLEMAN. Mr. Chairman and members of the committee, I have a short prepared statement here which I may read, if the committee approves, and I will submit it.

Mr. JENSEN. Surely. Go ahead.

Governor HEINTZLEMAN. I appreciate this opportunity to appear before this subcommittee to say a few words on the present situation of the Territory of Alaska and to comment upon the appropriations proposed for the Alaska programs of the Office of Territories.

The past decade and a half has brought unprecedented prosperity to Alaska. Between the census of 1939 and that of 1950 we had a population gain of 77.4 percent, the largest rate of growth under the American flag, and we have enjoyed a high level of income, business, and full employment. Much of this prosperity and growth, however, has been based upon huge expenditures of Federal money in the Territory for defense construction. From figures supplied by the Bureau of the Budget, I find that the Federal Government obligations for Alaska programs for the 5 fiscal years 1949 through 1953 averaged $418,150,000 per year, of which more than half was for defense or defense-related construction. A large portion of this amount, of course, was spent not in Alaska, but in the States for materials, equipment, transportation, contractors' overhead, and so on, but this gives some indication of the general magnitude of Government spending.

For a comparable 5-year period the annual average value of products from Alaska's fisheries, mineral, wildlife, forest, and agricultural resources was only $129,100,000.

These rough figures, incomplete though they be, explain Alaska's present prosperity and also pose the problem which we face in the immediate future of maintaining our recent gains. The present level of economic activity and population is based upon these two sources of primary income—value produced from natural resources and Federal spending within the Territory.

We all know that inevitably the period of spending for major defense construction must come to an end and we suspect that we are now near the point where it will begin to taper off. In the absence of offsetting increases in our natural resources economy, the level of our total economy would lower, incomes would drop, and unemployment would increase.

We do not believe, however, that Alaska need inevitably go into such a period of recession. In the first place, the Military Establishment which has been built up in Alaska will be maintained, for the importance of Alaska's strategic position in the air age will not alter. The operation and maintenance of these bases and the servicing of their personnel will continue to make an important contribution to the Alaskan economy.

But it is in the province of expanding the development of the Nation's natural resources that Alaska can have its future and continuing significance. We have many of the natural resources now in short supply or approaching this critical stage. But the fullest realization of Alaska's potentials as a means of shoring up the Nation's resources foundation will require a great deal of intelligent effort,

careful preparation, and teamwork on the part of Government and private enterprise.

The programs of the Department of the Interior will be playing key roles in this process and the decisions of this committee assume great importance for Alaska's transition to a sound and more balanced economy based upon the utilization of our resources by private enterprise. My remaining remarks will be limited to the programs of the Office of Territories as they relate to this period ahead.

ALASKA ROAD COMMISSION

Alaska's enormous size and the remoteness and isolation of its local areas have an important bearing upon the economic value of our resources. These resources in place have no economic value until they are made accessible for development. The programs of the Alaska road commission, therefore, are an important key to resource development. They are also the means of linking together the various parts of our vast land and breaking down the isolation of our communities, thus making permanent settlement more attractive to our citizens. Because of its importance in fostering development and settlement, the level of road construction will be a critical item during the approaching period of declining defense-construction activity. The budget request for road construction for fiscal year 1955 is $9,940,000, as compared with an appropriation of $14,600,000 in fiscal year 1954.

ALASKA RAILROAD

The 1955 budget request of $11,994,000 for the Alaska Railroad is a nonrecurring construction item which will truly complete the rehabilitation of the entire line, including the Seward dock facilities. We could then look forward to a new era of adequate and reliable service from this essential part of our surface transportation system.

ALASKA PUBLIC WORKS PROGRAM

The Alaska public works program was established by Public Law 264, 81st Congress—

> to foster the settlement and increase the permanent residents of Alaska, stimulate trade and industry, encourage internal commerce and private investment, develop Alaskan resources and provide facilities for community life, through a program of useful public works.

With the advent of the Korean war, this program was diverted slightly from its original purpose to give top priority to meeting the needs of those communities feeling the impact of Federal defense programs. Since its inception in fiscal year 1950, $41,208,200 has been appropriated and allocated of the $70 million authorized by the Public Works Act, leaving a balance of $29 million of the original authorization. The 1955 budget request is for $5 million, which will provide financing for some 11 processed projects which are greatly needed.

I understand from the Juneau office of the Alaska public works office that it has on hand some 54 unprocessed applications for projects, with a total estimated value of $34 million.

GOVERNOR'S OFFICE

The budget request for the Governor's office is $97,400, a decrease of $15,100 from the amount appropriated for 1954. This decrease is in large part due to the omission in the 1955 budget of $12,500 carried in the 1954 budget for painting the Jesse Lee orphanage. This job has been completed. An increase item in our expenses for the coming year is due to the necessity of buying a new automobile, but this will be more than offset by savings resulting from some modifications of the personnel staff of the office of the Governor. The final result is a request for $600 less than appropriated last year for the ordinary expenses of the office.

In other words, last year we had $98,000 for the ordinary expenses of the office. This year we are asking for $97,400. You may recall that last year the item for an automobile was in the budget. But we said we wanted to hold it up, so the item was held in reserve. The $12,500 that was for painting of the Jesse Lee Home last year is not in this budget. Then the $2,000 which was allowed this year for the total purchase of an automobile is offset by a $2,600 reduction in the request we are making for the other things. So we end up with $600 less than last year in the ordinary run of expenses.

Mr. JENSEN. Does that complete your prepared statement, Governor?

Governor HEINTZLEMAN. Yes, sir.

BUDGET TOTALS FOR ALASKA

Mr. JENSEN. The overall request for Alaska for 1955 is what amount?

Mr. NUCKER. I can read those.

Territory of Alaska, Governor's office, $97,400;

Legislative expense of the Governor's office, $48,000;

Care and custody of Alaska insane, $784,600;

The Alaska public works, $5,000,000;

Construction of roads in Alaska, $9,940,000;

Operation and maintenance of roads in Alaska, $3,500,000;

The Alaska Railroad for construction, $11,994,000.

Mr. JENSEN. What did Congress appropriate last year, and the total? And what was appropriated the year before? Do you have those figures?

Mr. NUCKER. I have last year's. I do not have 1953.

Mr. JENSEN. Furnish that for the record, please.

Compile the data for the last 5 years.

Mr. NUCKER. Here is the total for last year: $34,726,100 in 1954, and the present request totals $31,364,000. Is that what you had?

Mr. JENSEN. There was $4,215,000 last year for the Alaska Railroad.

Mr. NUCKER. That is right.

Mr. JENSEN. This year you are asking for $11,994,000, which more than makes up for the difference in the request for the 2 years, comparatively speaking.

(The material referred to follows:)

	1951	1952	1953	1954	Estimate, 1955
Governor's office	$94,140	$88,180	$112,760	$112,500	$97,400
Legislative expenses	48,000		48,000		48,000
Care and custody of Alaskan insane	461,141	502,141	559,600	798,600	784,600
Alaska public works	8,000,000	7,000,000	13,208,200	12,000,000	5,000,000
Construction of roads, Alaska	27,900,000	20,000,000	17,000,000	14,600,000	9,940,000
Operation and maintenance of roads, Alaska	2,600,000	2,940,000	3,318,000	3,000,000	3,500,000
Construction, Alaska Railroad	35,500,000	2,000,000	3,906,000	4,215,000	11,994,000
Total	74,603,281	32,530,321	38,152,560	34,726,100	31,364,000

Care of the Alaska Insane

Mr. Jensen. The first item we will take up will be the request of $784,600 for care of the Alaska insane.

That institution is at Portland, Oreg. That is based on the number of patients at so much per patient per month; is it not?

Mr. Nucker. Yes, sir. Per month.

Mr. Jensen. Has there been any change in the amount that is being allowed for the care of the patients recently?

Mr. Nucker. Not recently.

Mr. Jensen. There was last year?

Mr. Nucker. Last year, but not since then. There has been a small change, based on the cost of living index, of a couple of dollars a month. It goes up and down. But the same contract is operative this year as last year.

Mr. Jensen. Governor, has any thought been given to building a sanitorium for the insane of Alaska in the Territory of Alaska?

Governor Heintzleman. I believe not.

Mr. Jensen. It has not been discussed by the Legislature of Alaska?

Governor Heintzleman. Not that I know of. I was not there when the last legislature was in session.

Mr. Jensen. That is right.

Members of this committee have visited that institution, and while I must say that I think the inmates are taken care of as well as most in any institution in the United States, nevertheless they are taken a long ways from home and I think that is possibly the worst thing you can do for a person who is mentally ill, that is, take them a long ways away from their loved ones. In fact, in my book it is almost criminal.

I hope that you, Governor, and Mr. Strand, will give consideration to just what we can do about it. Let us see if we cannot get an institution built and possibly in the best climate, in Alaska, for these people. It is one of those things that bothers a person when he sees it and knows about it.

There is one thing that we can realize. That is, we folks with a good mind, or an average mind, can certainly get along in America in this great land of ours. But the folks who are sick in their minds, just like anyone else might get sick in their stomach, or heart, or anything else, those poor folks are at the mercy of us who have good minds or average minds. Certainly we cannot justify taking those people away from their loved ones when they get sick in mind. It just is not right. So let us look toward that end. I am sure that the entire committee agrees with me on that score.

I have no fight at all with that institution at Portland. They are taking care of those folks in the best manner possible, but they are just a long ways from home and their loved ones. So let us see what we can do about it.

Mr. STRAND. Mr. Chairman, on my way out to an inspection trip in the Pacific this fall I stopped at Portland and spent a day at the institution, and I quite agree with you. It appears that the patients there are getting fine care. I was very much impressed with the cleanliness of the place, and the attitude of the attendants, and the way the attendants were dressed, and the way the patients seemed to live, with those who could have their recreation having it.

I certainly agree that it imposes a terrible hardship on the people in Alaska whose loved ones are there and who, if they want to visit them, spend large sums of money to get back and forth to the institution. I presume it is a carryover from the very early days of the Territory, when the situation in the early part of the century was rather primitive and there were no institutions in Alaska or any way of taking care of those unfortunate people up there, so they shipped them out.

Mr. JENSEN. There may be some folks in the Portland Hospital who could not live comfortably in the climate of Alaska. Maybe the climate at Portland is better for them. But the doctors know.

Mr. STRAND. Certainly.

Mr. JENSEN. There would be no reason why we could not give asylum to those people that the climate of Alaska would not agree with. But certainly anyone who is sick at mind should be closer to home.

All right. I believe, Governor, that your legislature will convene sometime next January?

Governor HEINTZLEMAN. That is right.

Mr. JENSEN. And that will be the first legislature that you have presided over as governor?

Governor HEINTZLEMAN. That is right.

Mr. JENSEN. No doubt there will be a number of matters that will be brought before that legislature? I have been told that they will attempt to raise some more revenue in the Territory. Of course, that would be very pleasing to this committee and to the Congress. While we do not expect that Alaska can support itself by any stretch of the imagination at this time, it still will be much easier for this committee to recommend to Congress the things that are needed in Alaska if this committee can go to the floor of the House and say: "Look. This is what Alaska is doing for itself. They have done this, and this, and that."

All I have to say is, we hope that the legislature will take a good, fair and square look at this matter and do the thing that I am sure that your leadership thinks is right and proper.

Is there anything being done at all in Alaska for the treatment of your insane?

LEGISLATION ON COMMITMENT PROCEDURE

Governor HEINTZLEMAN. No. But there is a bill that is being drafted now which I think is going to contribute very substantially to the better treatment of the insane.

Mr. STRAND. To get back to the matter of the Alaska insane——

Mr. JENSEN. Yes.

Mr. STRAND. There is legislation introduced which would change the procedures for committing. The procedures now being used are regarded as being very archaic. They go back very many years. In some respects they are quite inhumane. When we in the Department got the legislation we thought we saw some loopholes and some places where there were chances of abuse, where an individual not needing institutional care might be committed, with quite a heavy traveling expense involved, and then being released within a very short time after he was sent to Portland.

That legislation is now being rewritten. We think we are going to come up with a good bill which will make more humane the committing procedures.

At the present time the commissioner in any outlying place—and this is very general but it is the situation we are trying to attack—the commissioner in the outlying Alaska community—and there are many, as we know, can assembly himself a jury of six people. They can vote to commit the man or the individual whom they think has been acting peculiarly, or for one reason or another, they have made up their minds, all of them laymen, that he is not just right.

It is the position of the doctors who have studied this situation, and particularly the medical leadership in the Territory, that there should be some medical examination along with any other steps taken.

Mr. JENSEN. Yes. You know, Mr. Strand, I presume that every county in this United States has certain rules, regulations, and statutes which provide exactly what you have mentioned there, namely, the way that a person is treated who is committed finally to an insane institution. Possibly, by proper examination of doctors, they determine that they will give a man certain treatments at home and they do not put that bad name on him of being insane until they absolutely have to send them to an insane institution.

You certainly can get copies of State laws that without a doubt coincide almost completely with each other here in the United States. And, I think they work very well.

I imagine our colleague, Dr. Fenton here, has many times been called in to determine whether a person was insane or not, have you not, Doctor?

Mr. FENTON. Yes, sir. In Pennsylvania two reputable practicing physicians must see a person before he is committed to an institution.

Mr. STRAND. Under the present procedures a man who is picked up and regarded as a patient to be committed is put in a jail cell and he is taken down——

Mr. JENSEN. That is awful. That is terrible.

Mr. STRAND. And is taken down by the United States marshal.

Mr. FENTON. In Pennsylvania the court must appoint two physicians to examine him.

Mr. STRAND. That is the type of procedure we are aiming at.

Mr. JENSEN. There might come a time when Alaska would like to take over the care of the insane completely; or that the Public Health Service would. But anyway, you are moving in the right direction

and I imagine the time will come when Alaska will say, "If we cannot take care of our insane we are a pretty poor lot." Generally speaking, people like to take care of their own sick people.

TERRITORIAL REVENUES AND EXPENDITURES

Insert in the record a tabulation showing the estimated revenues and the Territorial government budget summary by major items for fiscal 1954.

(The information requested is as follows:)

Comparison of anticipated receipts and expenditures from territorial sources, 1953–54 biennium

Anticipated expenditures:	
1. Authorized by 1953 legislature appropriations:	
(*a*) General appropriation act	$23, 594, 992
(*b*) Deficiency appropriations	534, 365
(*c*) Other special appropriations	1, 091, 786
Total appropriations	25, 221, 143
2. Expenditures of tobacco tax (school construction, etc.) [1]	1, 600, 000
3. Expenditures of motor-fuel tax ($750,000 for Territorial police, balance for highways, airfields, harbor facilities) [1]	2, 548, 500
Total expenditures	29, 369, 643
Anticipated receipts:	
1. Collections by tax commissioners [1]	31, 200, 000
2. Other collections (primarily by auditor) [2]	900, 000
	32, 100, 000
3. Less refunds to incorporated towns (licenses, liquor excises collected in towns) [2]	−1, 500, 000
Total receipts	30, 600, 000
Anticipated surplus, Dec. 31, 1954:	
1. Net cash balance, Jan. 1, 1953	5, 700, 291
2. Excess of anticipated receipts over expenditures, 1953–54	1, 230, 357
Anticipated surplus, Dec. 31, 1954	6, 930, 648

[1] Based upon collections of tobacco tax ($825,061.60) and motor-fuel tax ($1,274,191.32) for calendar year 1953.

[2] Based upon experience of past biennium (1951–52).

Sources: SLA 1953, Report of Treasurer; 1953 Statement by Tax Commissioner.

Appropriations by Territory of Alaska, 1953–54 biennium

SLA 1953, Chapter No.			
141.	General Appropriation Act		$23, 594, 992. 00
	Deficiency appropriations:		
1.	Department of taxation	$182, 000. 00	
4.	Territorial audit	20, 000. 00	
6.	Legal services	2, 772. 59	
8.	Auditor	13, 967. 90	
12.	Department of taxation	130. 00	
13.	Territory office building	275, 000. 00	
32.	Vital statistics	6, 000. 00	
47.	Highway engineer	8, 182. 66	
102.	Highway engineer	62. 00	
112.	Highway engineer	250. 00	
117.	Bounties	19, 425. 09	
136.	Highway engineer	6, 000. 00	
142.	Highway engineer	575. 00	
			534, 365. 24

Appropriations by Territory of Alaska, 1953–54 biennium

SLA 1953, Chapter No.			
	Special appropriations:		
HJR 1.	Legislative expense	$275, 286. 00	
HJR 2.	Memorial plaque	500. 00	
62.	Legislative investigating commission	75, 000. 00	
107.	Hospital assistance	435, 000. 00	
115.	Boards of platting	2, 000. 00	
127.	Alaska Visitor Association	80, 000. 00	
129.	Agricultural and industrial fairs	24, 000. 00	
144.	Territorial police	200, 000. 00	
			$1, 091, 786. 00
	Total appropriations		25, 221, 143. 24

Alaska Public Works

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$13, 208, 200	$12, 000, 000	$5, 000, 000
Prior year balance available	7, 965, 155	7, 402, 315	
Total available for obligation	21, 173, 355	19, 402, 315	5, 000, 000
Balance available in subsequent year	−7, 402, 315		
Obligations incurred	13, 771, 040	19, 402, 315	5, 000, 000

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
1. Construction	$13, 244, 703	$18, 632, 315	$4, 430, 000
2. Advance planning		200, 000	
3. Administration	526, 337	570, 000	570, 000
Obligations incurred	13, 771, 040	19, 402, 315	5, 000, 000

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Total number of permanent positions	73	75	69
Full-time equivalent of all other positions	1	1	1
Average number of all employees	65	69	67
Average salaries and grades:			
General schedule grades:			
Average salary	$5, 571	$5, 550	$5, 719
Average grade	GS-8.7	GS-8.7	GS-8.8
01 Personal services:			
Permanent positions	$353, 650	$378, 604	$380, 005
Other positions	5, 701	4, 600	3, 690
Regular pay in excess of 52-week base	1, 557	1, 740	1, 760
Payment above basic rates	63, 236	81, 756	82, 545
Total personal services	424, 144	466, 700	468, 000
02 Travel	48, 163	48, 600	48, 100
03 Transportation of things	11, 501	11, 600	11, 500
04 Communication services	6, 653	6, 700	6, 600
05 Rents and utility services	17, 538	17, 700	17, 500
06 Printing and reproduction	2, 136	2, 200	2, 100
07 Other contractual services	7, 134	7, 200	7, 100
08 Supplies and materials	4, 613	4, 700	4, 600
09 Equipment	4, 037	4, 100	4, 000
10 Lands and structures	13, 244, 703	18, 832, 315	4, 430, 000
15 Taxes and assessments	418	500	500
Obligations incurred	13, 771, 040	19, 402, 315	5, 000, 000

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year	$1,778,648	$8,455,756	$18,858,071
Obligations incurred during the year	13,771,040	19,402,315	5,000,000
	15,549,688	27,858,071	23,858,071
Deduct unliquidated obligations, end of year	8,455,756	18,858,071	13,858,071
Total expenditures	7,093,932	9,000,000	10,000,000
Expenditures are distributed as follows:			
Out of current authorizations	7,093,932	2,000,000	2,000,000
Out of prior authorizations		7,000,000	8,000,000

PROJECTS NOT CONTAINED IN BUDGET PRESENTATION

Mr. JENSEN. Now we go into Alaska public works. First of all, I would like to have a list of all of the towns, the amounts and the kinds of public works which were requested by the Office of Territories. Have you that handy?

Mr. NUCKER. For the fiscal year 1955?

Mr. JENSEN. That is right.

Mr. NUCKER. In addition to those items which are contained in the budget presentation before us we had asked for the following items:

A school at Anvik, estimated cost $134,416.

Mr. JENSEN. How large a town is that, and where is it located? Will someone step to the map and point out the town, please?

Mr. NUCKER. It is on the lower Yukon.

Mr. JENSEN. In what part of Alaska?

Mr. GHIGLIONE. In western Alaska, about 300 miles west of Fairbanks.

Mr. JENSEN. And what is the population?

Mr. MARX. One hundred and fifty.

Mr. JENSEN. What do the people do there for a livelihood?

Mr. GHIGLIONE. It is a fishing and mining village.

Mr. JENSEN. Are they natives, generally speaking?

Mr. GHIGLIONE. I would say 50 percent of them are natives.

Mr. JENSEN. Do they hold an election and agree to pay 50 percent of these improvements?

Mr. MARX. They do not have to have an election. It is a Territorial school. The Territorial education department will pay 50 percent cash for it when it is completed. We do not have to hold elections.

Mr. JENSEN. They have the money?

Mr. MARX. Oh, yes.

Mr. JENSEN. But the governing body there has agreed to write a check for this amount?

Mr. MARX. The Territorial department of education.

Mr. NUCKER. Upon completion and turning over of the project they will pay 50 percent of the cost of the project, and have so agreed.

Mr. JENSEN. The Territory of Alaska?

Mr. NUCKER. That is correct.

Mr. JENSEN. They have an agreement with the respective towns to pay this into the Territory of Alaska treasury?

Mr. MARX. No. This proposed school at Anvik will be a part of the Territorial educational system. There is no school board.

Mr. JENSEN. I see.

Mr. MARX. The town is too small. The Territory supplies all of the education.

AUTHORITY FOR FEDERAL MATCHING OF TERRITORIAL FUNDS

Mr. JENSEN. All right. Was it not the intent of the original authorization act which was passed that the taxpayers of the United States, through their Representatives in Congress, agreed to pay half of these improvements if the municipalities would pay the other half? Here you have the Territory of Alaska in the picture.

Is there a provision in this basic act which provides that this Congress can lawfully do the same thing in relation to this expenditure of funds in collaboration with the Territory, as well as with the municipality?

Mr. MARX. When we first started the program we asked our lawyers about that and they did so determine. There are about three arms of the Territorial government that they declared were non-Federal. We can deal with any non-Federal public body that does not use Federal funds. You see, these are funds appropriated by the legislature.

Mr. JENSEN. By the Legislature of the Territory of Alaska?

Mr. MARX. Yes. The university was one arm of the Territorial government. The Territorial educational department was another, and the Territorial health department for the construction of health facilities. Of course, the educational department is for schools.

Mr. JENSEN. You say your attorneys ruled that it was possible and legal to do it?

Mr. MARX. That is right. We questioned it when we first started taking applications.

Mr. JENSEN. Would it be possible to get this money that you need through matching funds, or to get the 50 percent that the Congress contributes in this deal from the school-aid fund?

Mr. MARX. Under Public Law 815?

Mr. JENSEN. Yes.

Mr. MARX. There are some Public Law 815 funds being spent up there, but of course Anvik could not qualify.

Mr. JENSEN. It could not? Why?

Mr. MARX. Because it is not in a Federal impact area. Under Public Law 815 they have some formula that they use.

Mr. JENSEN. That is right.

Mr. MARX. Now, Anchorage has gotten some funds, and Fairbanks has gotten some funds out of Public Law 815.

Mr. JENSEN. I will tell you what I think you had better do. Have the Solicitor of the Interior Department send us a ruling on that so that we know we are within our authority to spend money in such instances. Now you may proceed with the list, and step to the map again, someone, and point it out. What is the next one?

Mr. NUCKER. Another item is a school in the town of Nenana.

Mr. GHIGLIONE. It is 50 miles south of Fairbanks on the Tanana River.

Mr. JENSEN. That is where they bet on the hour and the minute when the ice is going to break. How big is that town?

Mr. MARX. Nenana has a population of 242, but there are 697 in the district that would be served by the school. The town proper has only 242.

Mr. JENSEN. What are the school facilities at the present time?

Mr. MARX. They have a school which is ready to fall down, and has been ready to for several years. Nobody seems to know what is holding it up.

Mr. JENSEN. Frame construction?

Mr. MARX. Yes.

Mr. JENSEN. Does that come under the same category as the other town?

Mr. MARX. No. Nenana is a school district.

Mr. JENSEN. They have an election?

Mr. MARX. No, they haven't. They have an election scheduled. They were supposed to have one and I understand they found there was something wrong with their town papers, or something. They couldn't get the tax roll out. They have it scheduled and it is supposed to be held any time now.

Mr. JENSEN. I might say that this committee, I am sure, will not make an appropriation until an election has been held. If they can hold that election before we mark up this bill we will consider it, or they might have it considered by the Senate if they can get it in in time.

Mr. MARX. They were supposed to hold it last October. This program is all handled through another office. We get it secondhand.

Mr. JENSEN. We do not want to be arbitrary about this thing, but we do not want anyone up there to get the idea we are going to appropriate money until they live up to their end of the contract. We do not want to get into that fix.

Mr. MARX. They will probably have that election any day. They have not had it yet.

Mr. JENSEN. You tell them they had better let us know.

Mr. BUDGE. May I ask a question at that point, Mr. Chairman?

Mr. JENSEN. Yes.

OBLIGATION BONDS USED AS SECURITY

Mr. BUDGE. In the States of the United States when an election of this nature is held it is held in effect to mortgage the real property embraced within the school district. What were you mortgaging in these elections in Alaska?

Mr. MARX. We take no mortgages whatever.

Mr. BUDGE. What assurance do you have that the Territorial or school district obligation will be paid?

Mr. MARX. We get a general obligation of the school district and a pledge of their tobacco tax receipts. On every one of the schools we have built in the small towns we do not agree to build them until our finance analyst has looked into their tobacco tax receipts. When the tobacco tax receipts will cover the annual payment with a little left over, that is, with a little coverage or cushion, as we call it, then only would they go ahead with it.

Mr. BUDGE. It seems to me you would be a long time collecting $100,000 from 150 people.

Mr. MARX. You would be surprised. We allow nothing more than 20 years on a school. So if the tobacco tax revenue does not amortize in 20 years we do not go for it.

Mr. BUDGE. That seems to me a mighty precarious way of financing it. You would not permit it anywhere in the continental United States. Your tobacco tax could be abolished by Congress tomorrow, and you have no mortgage then of any kind as you have in all other bond obligations in the United States.

Mr. MARX. You have a general obligation against the district and the real estate of the district.

Mr. BUDGE. But who owns any real estate in the district?

Mr. MARX. Everybody there now owns some real estate, I suppose. I do not know how many homeowners there would be, but they would have an assessed valuation, and the tobacco tax pledge is a further pledge.

Mr. BUDGE. You said you do not take any mortgage.

Mr. MARX. Not on the school building, but take a general obligation bond of the tax district. If the mortgage of the school were foreclosed, what would we do with it? We have no use for a school building. So what we take is a general obligation bond on the assessed value of the town property or school district property.

Mr. JENSEN. In other words, it is a lien against the property?

Mr. MARX. It is a lien against any tax that they have—any value. It is a general obligation bond.

Mr. BUDGE. Less than 1 percent of the real property up there is privately owned, is it not?

Mr. MARX. I do not know.

Mr. BUDGE. It could not embrace a great deal of real estate in this entire program.

Mr. JENSEN. Of course, in the cities or in the towns a lot of that property is privately owned. I do not know what the value of it would be. But we might just as well lay our cards on the table and say this: That because of the scarcity of population in the hinterlands of Alaska, and in many other places in Alaska, we have passed laws pertaining to Alaska which are far more liberal than the laws which pertain to any State of the Union. That is a known fact. That is because of the economic situation they have up there.

However, we do not want just to throw the gate wide open and say that we will keep on doing that or be more liberal. We just want to do the thing that is right. I do not know how much taxable property they have.

Mr. MARX. I am not a lawyer and I do not think we have a lawyer here, but I think when a general obligation bond defaults you can mandamus to collect it, can you not? I do not think there has ever be a general bond obligation defaulted in Alaska, has there? I am told no.

Mr. BUDGE. That might be true if you had a taxing unit with something to tax.

Mr. NUCKER. Your statement of 1 percent of the land area being owned applies to all of Alaska. I think in the school district in Nenana it would be a much higher percentage. I have no way of knowing what the precise amount would be.

Mr. BUDGE. I was thinking particularly the first time you mentioned that the population was 150, which I assume includes children as well as adults, where are you going to collect $100,000 in cigarette tax?

Mr. NUCKER. In the Anvik school the Territory will pay its 50 percent share upon completion.

Mr. MARX. In cash.

Mr. NUCKER. The obligation there is upon the Territory, whereas in Nenana the obligation is upon the school district of Nenana. There we look to the general obligation bond plus the tobacco tax as our security for the collection of the 50 percent of the cost of the school over the period of 20 years.

Mr. BUDGE. Thank you.

Mr. JENSEN. All right. Let us go through those towns now. You know the questions that I have asked. The gentleman is over there by the map. Go right through them and tell us the story of whether they have had elections, or if they are in the same category as the first town you mentioned.

Mr. NUCKER. The next one is Seldovia.

Mr. JENSEN. Tell us where it is.

Mr. GHIGLIONE. It is located on Katchamak Bay about 150 miles south and a little west of Anchorage.

Mr. JENSEN. That is on the Kenai Peninsula, is it not?

Mr. GHIGLIONE. It is on the Kenai Peninsula, but across the bay from the highway system.

Mr. JENSEN. I know where it is.

Mr. NUCKER. And there has been an election in Seldovia.

Mr. JENSEN. How many people live there?

Mr. MARX. Four hundred and thirty-seven in the 1950 census, and in the school district there are 1,526.

Mr. JENSEN. Go ahead.

Mr. NUCKER. The next is the city of Valdez. A hospital. There has been an election there.

Mr. MARX. Valdez has a population of 554.

Mr. GHIGLIONE. It is the southern terminus of Richardson Highway, described as the farthest north ice-free port in Alaska.

Mr. JENSEN. It is quite a busy place.

Mr. BUDGE. Do you want the amounts? They haven't given that.

Mr. NUCKER. The Anvik school to start with is $134,416. The Nenana school is $368,000. The Seldovia school is $400,000, and the Valdez hospital is $460,000.

Mr. JENSEN. What is the next town?

Mr. NUCKER. The next item is the city of Petersburg for water, streets, sewers, $460,959.

Mr. JENSEN. That is right across the bay from Excursion Inlet, is it not?

Mr. GHIGLIONE. Yes. It is on an island in southeastern Alaska.

Mr. MARX. The population is 1,619, with about 2,500 in the district.

Mr. NUCKER. And there has been an election.

Mr. JENSEN. What is the amount?

Mr. NUCKER. $460,959.

Mr. JENSEN. All right. The next town.

Mr. NUCKER. The next item is Juneau Independent School District. A high school for $1,843,836. There has been an election. Juneau is the capital of the Territory.

Mr. MARX. It has a population of 5,956, and in the district there are 8,572.

Mr. NUCKER. The next item is at Sitka, which is the responsibility of the Territory of Alaska for an addition to the Pioneers Home, costing an estimated $800,000, for which there is no need of an election. The Territory will pay their half upon the completion of the project and will so obligate themselves.

Mr. JENSEN. The Pioneers Home. What do you mean by the Pioneers Home?

Mr. MARX. The Pioneers Home is a hospital and an old persons' home. I understand you have to live in Alaska and be a resident for 20 to 25 years and then you are eligible for admission to the home.

Mr. JENSEN. How many people are there?

Governor HEINTZLEMAN. 150.

Mr. JENSEN. They are asking for what?

Governor HEINTZLEMAN. An addition to the hospital to take care of the elderly women too.

Mr. JENSEN. Are there only men there now?

Governor HEINTZLEMAN. Yes. I think the addition is to take care of 50 women.

Mr. JENSEN. Are these amounts supposed to do the job completely?

Mr. NUCKER. They are, sir.

Mr. JENSEN. All right.

Mr. NUCKER. The next item is the city of Anchorage, for the rehabilitation and extension of the water system, estimated cost $500,000. The elections have been held.

Mr. JENSEN. Anchorage is a pretty big town about now, isn't it?

Mr. GHIGLIONE. It is the largest town in Alaska.

Mr. MARX. The 1950 census said it was 12,000, with 30,000 living in the metropolitan area. There are more people outside than in.

Mr. KALBAUGH. There are approximately 17,000 inside the city limits now, and around 35,000 outside the city limits.

Mr. JENSEN. Outside the city limits. How much property tax do the folks that live there pay? Is there any Territorial tax now on property?

Mr. KALBAUGH. I could not say.

Mr. MARX. Most of the people who live outside of the city are in the school districts and pay a school tax and are in one of those public-utility districts.

Mr. JENSEN. Do they like to be a part of the city? You know, in our country here when a new district is built, why, the town council meets and they bring them in. I could not imagine anyone who would not want to consider themselves a part of the city of Anchorage. Those folks should petition the city to include them.

Mr. BUDGE. They would have to pay for the water privileges.

Mr. JENSEN. I know, but they would want to do that.

Governor HEINTZLEMAN. Very extensive additions to the city of Anchorage are being considered at the present time.

Mr. MARX. I think there are 2 of the utility districts that want to and 1 does not.

Mr. JENSEN. They get police and fire protection that way. Of course they want to be a part of the city of Anchorage. In fact, Anchorage is considered an impacted area, is it not?

Mr. MARX. And they have gotten some benefit for the schools.

Mr. JENSEN. Wouldn't it be possible for them to get Federal aid under the impacted area aid law?

Mr. MARX. That would be Public Law 139. They have applied for that for a filtration plant. The amount they get is so small and the amount of projects they have is so large that they usually take their Public Law 139 or Public Law 815 money on one thing, and that is all they get. They have never come to us for any water filtration. I think they have applied for the Public Law 139 money for the filtration plant. I don't know, but I think so.

Mr. JENSEN. After the city of Anchorage takes in all of those outlying additions, they will have a population of 30,000 people. It is not going to cost any of them very much additional to build this. What is it that they want in the way of construction?

Mr. NUCKER. Rehabilitation and extension of the water system.

Mr. JENSEN. It would not cost each one of them too much to pay their own way in that respect, I would think. It would seem to me they might just do that if you would suggest it to them.

Mr. MARX. They have so many things to do that they just cannot spread it around, I guess.

Mr. JENSEN. I am kind of thinking here out loud.

Mr. MARX. The Governor knows I go up every year on this program. When I was up at Anchorage I had an entirely different picture. It is really beginning to look like a city. It has gotten away from the mining camp look. It has paving on the streets, though on very few of the streets, but it is really beginning to look like a city, whereas before it had all of the aspects of a mining town.

Mr. JENSEN. What is the next item?

Mr. NUCKER. The next and final item is again the "City of Anchorage," street improvements, $340,000. The election has been held.

Mr. JENSEN. Is that all?

Mr. NUCKER. That is all.

Mr. STRAND. That is all plus what is in the budget before you.

Mr. NUCKER. The total of those items is slightly over $5 million.

Mr. JENSEN. Would it not be possible for the Territory of Alaska, or for those municipalities, after we possibly build 3 or 4 schools, to decide that they could build one without asking for this matching fund?

Mr. MARX. The city of Juneau has done that. They built the grade school on their own, and built half of their city hall without asking us for anything. We built or are now proposing to build one school. They built half of their city hall without asking for anything.

Mr. JENSEN. How big is the city of Juneau now? What is the population?

Mr. GHIGLIONE. 6,000 in the city and 8,500 in the whole area.

Mr. JENSEN. What do you mean by the whole area?

Mr. GHIGLIONE. That takes in the outskirts 30 miles up the road, and the school-bus route.

Mr. JENSEN. I am frank to say that I think the committee will go into this matter quite thoroughly, and when we get to marking up the bill I am inclined to believe the committee will feel that we should in all justice appropriate more than has been requested in this 1955 budget. Just how much more I do not know. That is why I want to know about all of these towns, and the information which we have asked for.

Mr. NUCKER. It might be pertinent to state that elections where needed have been held on all of the items contained on page 97 of the justifications.

NEED FOR APPROPRIATIONS BY CERTAIN TOWNS

Mr. JENSEN. I see. Governor Heintzleman, would you like to make a statement at this point? Governor Heintzleman it is your job to come up here and defend the requests for funds as they are made in these justifications, and as it has been approved by the Bureau of the Budget.

However, there are times when this committee has more information than possibly the Bureau of the Budget has. There are certain responsibilities that fall on this committee to do things that we feel justified in doing, even to the point on rare occasions of going above the budget.

Now I am going to ask you a question that I think you can answer very properly. Do you feel that some of these towns which are not included in the budget request for this cooperative program, are in urgent need of these facilities that have been requested by the Office of Territories, and which have just been explained to the committee?

Governor HEINTZLEMAN. Mr. Chairman, I feel very decidedly that all of these projects that have been discussed here that have not been included in the budget are extremely necessary. I am familiar with the situation in a great many of these towns and I am sure that they should be given consideration by this committee, and the funds provided for these facilities, and that includes the city of Anchorage also.

That city has had a very difficult time in trying to keep abreast of its very rapid growth in the last 10 years and it has been doing a great deal for itself. In fact, I think it has been doing all that it can possibly do in the way of taking care of or providing the funds to help out in providing these facilities to take care of this increased growth.

FEDERAL CONTRIBUTION NOT MANDATORY

Mr. JENSEN. Is it your feeling that the people in these towns where these elections have been held, feel it is the obligation of the Federal Government to contribute the 50 percent which the law provides that we may contribute?

Governor HEINTZLEMAN. Yes; I do.

Mr. JENSEN. When they have this election and obligate themselves to that degree, whatever it is, they have no doubt at all in their minds but what the Congress would appropriate the money which the public works bill says we may do. The bill does not say that we must do it. As I understand it the bill provides that we may do it. But you are very sure that the people, when they held these elections in these respective towns and obligated themselves, felt there was no question at all but that the Congress would appropriate the money?

Governor HEINTZLEMAN. I think that is correct. Under the provisions of the Alaska Public Works Act that calls for the development of Alaska.

Mr. JENSEN. I must say in all fairness I did not know until a few days ago that the basic act said that the Federal Government may contribute 50 percent of the cost of these facilities.

I had in mind all the time that it says, "we will" or "we must." Then it was brought to my attention that the law says, "we may."

But, without a doubt very few people in those towns knew that word "may" was in the law. I bring that up, Governor, because I have always leaned over backward to see to it as best as I could that Uncle Sam lived up to his agreements; and then I expect the people to live up to their agreements also.

This is going to run into a lot of money over the many years which the bill is in effect, and I understand there is a move on foot now to extend the law. I think hereafter it would be well for the people to know when they vote on this thing that it is not compulsory and the law does not compel the Federal Government to match funds, but is permissive.

Mr. BUDGE. I would be interested to know who told them that.

Mr. JENSEN. Possibly no one told them. I do not know that they did. It is possible they said that the Federal Government will do this and do that.

Mr. MARX. I was up in Alaska on quite a few trips explaining the act and there are a great many people who do not know the difference between an authorizing act and an appropriation. A great many people think once an act is passed authorizing it, that the money is automatically there. They are very much surprised when we tell them we have to come back every year for an appropriation. They do not know that.

Mr. JENSEN. Yes.

Mr. Budge. It seems to me when these elections are held in anything as formal as a bond election, it is up to the Office of Territories to explain to the people just what the law is, and they should not give them any misconception as to what the law is.

Mr. JENSEN. I agree perfectly with Mr. Budge.

Mr. MARX. I am sure that has happened in most of the towns. I visited about 20 towns, and George, you were on another trip. We gave public speeches and explained that the authorizing act merely authorized and that we had to come back every year for appropriations.

Mr. JENSEN. I know, but did you explain to them that the authorizing act said that the Congress may?

Mr. MARX. No, we did not explain that. That is right. It never came up.

Mr. JENSEN. That is the catch, don't you see? But I feel the committee will take a position on this thing that will be satisfactory to the people up there. We may not get it all done this year, but there are other years coming.

HIGHWAY RIGHTS-OF-WAY

Mr. BUDGE. I would like to address this question to the Governor. I note that another agency in the Interior Department is seeking funds again this year to continue the surveys in Alaska. I have also noted that another agency other than the one I have just mentioned, but also within the Interior Department, has placed a withdrawal against entry upon the public domain in all of the areas adjacent to the main highways in Alaska.

Do you feel that that withdrawal is consistent with the policy of trying to get people to come up there and make entry on the land and eventually get a patent to it?

Governor HEINTZLEMAN. You are speaking now of the withdrawal along the highways?

Mr. BUDGE. Yes, sir.

Governor HEINTZLEMAN. A very wide right of way.

Mr. BUDGE. Originally the Park Service wanted 20 miles on either side, I understand. Now that varies from 200 feet up to 300 yards, or something like that.

Governor HEINTZLEMAN. It varies from 100 to 600 feet.

Mr. GHIGLIONE. May I correct that? Withdrawals are only on the main highways, and they vary from 300 to 600 feet. Below 300 feet in width the rights-of-way are easements.

Governor HEINTZLEMAN. Yes. I think anything certainly wider than 300 feet is too wide. I think it interferes with development along the highways. When I say 300 feet I mean 150 feet on either side of the center line. It seems to me that should be the maximum width of a highway right-of-way.

Mr. BUDGE. Actually, those are about the only areas people can get access to in order to conduct a business or build a home; are they not?

Governor HEINTZLEMAN. That is correct. People have to have highway facilities, and certainly want to build as close to the highways as they possibly can.

Mr. BUDGE. I think this committee should take up with the Secretary this withdrawal all along the highways. I do not see any purpose in spending money for these surveys if we cannot give a patent to the land to settle on it.

Mr. JENSEN. I certainly agree, Mr. Budge.

Why in heaven's name it is necessary to have a 600-foot-wide highway I just cannot understand. Especially when you are trying to develop a country and there are people who would like to build along the highways. It just does not make sense. Governor, would you think 300 feet even is necessary on anything but a very heavily used highway?

Governor HEINTZLEMAN. As I said before, I think that is the maximum. I think the average might be considerably less than that. Personally I favor 200—100 feet on each side of the centerline.

Mr. BUDGE. I have one other question here. We all realize that living costs are very high in Alaska. By the same token I think we all realize that wages and salaries are proportionately high in Alaska. I would like to have some relation shown—and I imagine that this could be a tabulation inserted in the record tomorrow—as to just how the revenues, salaries, and living costs in Alaska compare with the comparable items in the United States.

TAXES IN ALASKA

I would be particularly interested in a comparison between the average State's taxes which are levied in the United States on incomes, ad valorem taxes on real property, and all of the various excise taxes such as on liquors, tobacco and gasoline.

Also, whether or not there is a sales tax in Alaska, and if so how it compares with sales taxes within the several States of the Union.

I note that title 48 of the United States Code, which is the organic act for Alaska, gives the Territorial legislature the power, and I quote:

To impose other and additional taxes or licenses.

I would like to know just what ones have been imposed and how they compare with the several States of the Union.

I will not ask that anyone develop that now, but I ask unanimous consent that such a tabulation be prepared by the Office of Territories and inserted in the record.

Mr. JENSEN. Without objection.

(The information is as follows:)

TAXATION IN THE TERRITORY OF ALASKA

The Territorial government and the several municipal corporations (cities of the first and second class, school districts and public utility districts) are the non-Federal taxing authorities within Alaska. There is no intermediate form of local government, such as the county form typical of the States, and most of the functions of such units are performed by Territorial agencies. The local governmental units of Alaska derive their revenues from property taxes, sales taxes, miscellaneous licenses, fees for certain utility services performed, and refunds made by the Territorial government for certain license and excise taxes collected within their corporate limits. (See discussion below.)

The Territorial government's tax system contains most of the kinds of taxes found in the tax system of a typical State, although a general property tax is missing (the law of 1949 was repealed by the 1953 legislature). The pattern of the relative importance of the various kinds of taxes, however, differs from the average for the States (see table 1, below), more than 40 percent of tax revenues being derived from the net income tax. Comparative per capita collections are contained in table 2.

A brief description of the main provisions, various taxes, and their rates follows:

Net income tax (ch. 115, S. L. A. 1949 as amended by ch. 132, S. L. A. 1951)

This tax is computed as 10 percent of the total income tax which the taxpayer would pay to the Bureau of Internal Revenue upon that portion of his income earned from sources within the Territory. The act provides a formula for computing income earned within the Territory, requires withholding by the employers (10 percent of the amount withheld for the United States Bureau of Internal Revenue) and penalties.

Direct comparisons with State net income taxes is difficult because of differences in exemptions, schedules of rates, etc., but in general this tax is about at the level of States imposing such taxes.

The entire proceeds of this tax are deposited in the general fund of the Territorial treasury.

Collections during the calendar year 1953 totaled $6,414,115.29 or 41 percent of total collections by the tax commissioner.

Business license tax (ch. 43, S. L. A. 1949)

This tax applies to all forms of business enterprise, professions, banks—in short, all income producing undertakings except charitable and nonprofit organizations. The fee for each firm or individual is $25 plus a sum equal to one-half percent of gross receipts of the previous year in excess of $20,000 and an additional one-fourth percent of gross receipts in excess of $100,000. The fee for national and Territorial banks, trust companies, and savings and loan associations is 2 percent of net income.

This business gross receipts tax, if compared with State retail sales taxes, is definitely low. However, it is a general feeling of past legislatures that the sales tax should be left as a source of tax revenues for local government units.

All moneys collected under this act are covered into the general fund of the Territorial treasury, the treasurer then refunding to all municipal corporations (cities, school districts, utility districts) 60 percent of the money collected from within these incorporated areas. This refund has averaged about 50 percent of the total collections.

Collections for the calendar year 1953 totaled $1,400,457.75 or 9 percent of the total collections by the tax commissioner.

Automobile and motor-fuel taxes and licesnses

Motor-fuel oil is taxed at the rate of 2 cents per gallon (title 48–5–1–3, A. C. L. A. 1949, as amended by ch. 80, S. L. A. 1951). This rate is lower than the tax in any State (see table 3), although direct comparison is impossible due to exemptions in most State acts. The proceeds of this tax are deposited in a roads, airfields, water, and harbor facilities fund under the administration of the Territorial highway engineer. The proceeds of this tax levied on aviation gas and oil are in turn transferred to the Alaska Aeronautical Revolving Fund. Collections for the calendar year 1953 totaled $1,274,191.32, or 10.2 percent of the total collections by the tax commissioner. Of this amount $324,783.80 was deposited in the aviation fund and $949,407.52 was deposited in the roads and harbor facilities fund.

Motor vehicle licenses (ch. 124, S. L. A. 1951) are levied upon highway users in accordance with the following schedule:

Motorcycles	$5. 00
Private motor vehicles	10. 00
Vehicles for hire	20. 00
Trucks, etc.:	
3,500 pounds or less	15. 00
3,501 pounds and not over 12,000 pounds	25. 00
12,001 pounds and not over 18,000 pounds	50. 00
18,001 pounds and over	75. 00

The rate on automobiles is approximately at the same level as the national average, but the rates on heavier vehicles are definitely below the national averages (see table 4). Unlike the States, the proceeds from this tax are not used for road purposes, but are paid into the general fund.

Collections of this tax for the calendar year 1953 totaled $647,151.50 or 4.1 percent of the total collections of the tax commissioner.

The remaining motor vehicle taxes are a drivers' license tax of $2 for a 2-year period (A. C. L. A. 1941, title 50–3–1—7) and a motor vehicle certificate of title fee of $2 (ch. 124, S. L. A. 1951). The first is deposited in the highway engineer's office in a fund for roads and other purposes and the certificate of title proceeds are deposited in the general fund. During the calendar year 1953, drivers' licenses yielded a revenue of $151,406.25 and certificates of title $76,675.50

Alcoholic beverages excise tax (title 35–4–31—33, A. C. L. A. 1949 as amended by ch. 70, S. L. A. 1951)

The following excise taxes are levied upon alcoholic beverages sold:

	Per gallon
Beer	$0. 10
Wines	. 25
Liquor	3. 00

These rates are generally above national averages (see table 6). All moneys collected are deposited in the general fund of the Treasury and semiannually refunds of excises collected within incorporated municipalities are refunded to such local units. Approximately half the collections are subsequently so refunded. Total collections for the calendar year 1953 were $1,595,080.01 or 10.2 percent of total collections by the tax commissioner.

School taxes

The following schedule of tobacco tax rates are levied (ch. 42, S. L. A. 1949 as amended by ch. 81, S. L. A. 1951):

	Cents
Cigarettes:	
Per pack of 10	3
Per pack of 20	5
Per pack of 50	10
Per carton of 10 packs	50
Cigars:	
Retail 14 cents or less	1
14 to 15 cents	2
16 to 25 cents	3
26 to 35 cents	4
36 and over	5
Snuff, etc., per ounce	2

The entire proceeds of this tax are deposited in the school fund for the purpose of rehabilitation, construction, and repair of Alaska's schools. Collections for the calendar year 1953 totaled $825,061.60 or 5.3 percent of all collections by the tax commissioner.

A so-called school tax of $5 is collected from all persons 21 to 55 years of age, except nonworking wives, persons on active military duty, wards of the Territory and unemployables (title 37–4–1—12, A. C. L. A. 1949). The entire proceeds of this tax are deposited in the school fund for general school purposes. 1953 collections were $301,992.50.

Fisheries taxes

Several license and severance taxes are levied upon the fisheries industry of Alaska. These include licenses on fishermen, fish traps, gill nets, seine nets, and taxes on raw fish sold to processors and cold storage operators. The proceeds from these several taxes totaled $2,667,982.12 or 18.1 percent of total collections by the tax commissioner. When related to incomes and value of products, these taxes are about in line with those of States which depend in large measure on revenue from severances from the soil or water.

Mines and mining license tax (title 35–1–31–35, as amended by ch. 64, S. L. A. 1951 and ch. 26, S. L. A. 1953)

This tax is levied upon net income operations at the following rates:

Over $10,000 not over $20,000	3 percent.
Over $20,000 not over $50,000	$300 plus 4 percent on excess over $20,000.
Over $50,000 not over $100,000	$1,500 plus 5 percent on excess over $50,000.
Over $100,000	$4,000 plus 7 percent on excess over $100,000.

Collections for the calendar year 1953 totaled $140,092.23 or 0.9 percent of total collections by the tax commissioner.

Miscellaneous taxes

In addition to the above, the Territory levies several other taxes of relatively minor importance as revenue sources: inheritance, punchboard and amusement devices, dog licenses. Collection from all these sources for the calendar year 1953 totaled $79,692.79.

Licenses collected by the auditor

The auditor collects insurance broker fees and taxes and several minor fees. These collections have averaged about $400,000.

TABLE 1.—*Relative importance of revenue items in State and Territory of Alaska finance*

Tax	Distribution of State tax collections—1952 [1]		Alaska 1951–52 biennium [2]	
	Rank	Percent of total	Rank	Percent of total
General sales, use, or gross receipts	1	22.7	5	[3] 8.39
Motor vehicle fuels sales	2	19.0	4	8.40
Income	3	17.6	1	40.22
Motor vehicle registration and operators licenses	4	9.4	7	3.85
Alcoholic beverages	5	5.3	3	11.43
Tobacco	6	4.6	6	4.07
Property	7	3.8	8	.83
Severance	8	2.8	2	[4] 11.81
Inheritance	9	2.1	9	.51
Other	.....	12.8	.....	[5] 9.49

[1] Source: Facts and Figures on Government Finance, 1952–53, The Tax Foundation, p. 147.
[2] Compiled from Report of the Department of Taxation of the Territory of Alaska, biennium 1951–52.
[3] Business licenses plus mines and mining license tax.
[4] Raw fish tax.
[5] Includes such items as fish trap licenses (4.72 percent) and school tax (2.25 percent).

TABLE 2.—*Per capita State tax collections by selected States and the Territory of Alaska—1952 (including unemployment compensation)*

Total, all States	$73.80
Alabama	48.49
Kentucky	50.64
Texas	54.39
Iowa	65.74
Nevada	97.99
Washington	114.03
Territory of Alaska	120.18

Source: Facts and Figures on Govesnment Finance, 1952–53, the Tax Foundation, p. 149. Alaska data from tax collections by tax commissioner and auditor and population estimate of 158,000 as of beginning of fiscal year 1952.

TABLE 3.—*Gasoline tax rates, 48 States and District of Columbia, 1953*

Tax rate (cents per gallon):	*Number of States*
7.0	7
6.58	1
6.5	2
6.0	12
5.0	17
4.5	2
4.0	6
3.0	2

Source: Highway and Road Finance, Rept. 21–3, Alaska Legislative Counsel, p. 26.

TABLE 4.—*Typical motor vehicle registration fees, 48 States and District of Columbia*

Type of motor vehicle	Minimum	Average	Maximum	Alaska
Automobile	$2.50	$10.82	$26.00	$10
Single unit truck	10.00	45.78	118.75	25
Tractor truck	25.00	[1] 121.83	435.00	----------
Semitrailer	1.00	74.16	295.00	----------
Combination	45.00	214.36	640.00	50

[1] Based on only 42 States since some States provide for registration of tractor truck and semitrailer in combination only.

Source: Highway and Road Finance, Rept. 21–3, Alaska Legislative Counsel, p. 28.

TABLE 5.—*Cigarette tax rates, 48 States as of Sept. 1, 1952*

Tax rate (per package of 20):	*Number of States*
15 percent of retail price	1
8 cents	1
6 cents	2
5 cents	4
4 cents	11
3 cents	15
2 cents	7
No tax	7

Source: Facts and Figures on Government Finance, 1952–53; the Tax Foundation, p. 170.

TABLE 6.—*Typical alcoholic beverage taxes (33 nonmonopoly and nondry States as of Sept. 1, 1952)*

[Rates per gallon]

Type of beverage	Minimum	Average	Maximum	Alaska
Distilled spirits	$0.75	$1.30	$3.60	$3.00
Wines 14 percent	.01	.20	1.00	.25
14 to 21 percent	.02	.30	1.40	.25
Malt beverages	.02	.07	.43	.10

Source: Facts and Figures on Government Finance, 1952–53; the Tax Foundation, pp. 166–167.

Mr. JENSEN. I would like to know who issued the order on the withdrawal of that land for highways.

Mr. GIGHLIONE. The Secretary of Interior.

Mr. JENSEN. Who was the Secretary of the Interior at that time?

Mr. GIGHLIONE. Chapman.

WEDNESDAY, FEBRUARY 3, 1954.

ALASKA ROADS

CONSTRUCTION OF ROADS, ALASKA

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate	$17,000,000	$14,600,000	$9,940,000
Prior year balance available	760,587	4,068,628	
Available in prior year (48 U. S. C. 326)	−1,549,292		
Reimbursements from other accounts	605,120	1,000,000	1,000,000
Total available for obligation	16,816,415	19,668,628	10,940,000
Balance available in subsequent year	−4,068,628		
Obligations incurred	12,747,787	19,668,628	10,940,000

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
Direct Obligations			
1. Preparation of plans	$207,820	$642,180	$300,000
2. Construction in progress	9,949,829	16,976,448	8,840,000
3. Reconstruction	1,351,115	800,000	800,000
4. New construction	633,903	250,000	
Total direct obligations	12,142,667	18,668,628	9,940,000
Obligations Payable Out of Reimbursements From Other Accounts			
2. Construction in progress	605,120	1,000,000	1,000,000
Obligations incurred	12,747,787	19,668,628	10,940,000

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
ALASKA ROAD COMMISSION			
Summary of Personal Services			
Total number of permanent positions	465	475	385
Full-time equivalent of all other positions	150	160	130
Average number of all employees	480	490	395
Average salaries and grades:			
General schedule grades:			
Average salary	$4,922	$4,937	$5,060
Average grade	GS–7.9	GS–7.7	GS–7.8
Crafts, protective, and custodial grades:			
Average salary	$2,830	$2,910	$2,990
Average grade	CPC–4.0	CPC–4.0	CPC–4.0
Ungraded positions: Average salary	$6,518	$6,593	$6,589

Obligations by objects—Continued

Object classification	1953 actual	1954 estimate	1955 estimate
ALASKA ROAD COMMISSION—continued			
Summary of Personal Services—Continued			
Personal service obligations:			
Permanent positions	$1,666,709	$1,961,310	$1,724,360
Other positions	838,581	974,870	533,400
Regular pay in excess of 52-week base	59,424	61,000	47,832
Payment above basic rates	880,761	920,584	806,086
Total personal service obligations	3,445,475	3,917,764	3,111,678
Direct Obligations			
01 Personal services	3,120,815	3,479,925	2,711,678
02 Travel	40,451	85,000	58,810
03 Transportation of things	250,074	260,000	196,040
04 Communication services	6,489	9,000	6,275
05 Rents and utility services	46,542	60,000	41,560
06 Printing and reproduction	1,880	4,000	3,135
07 Other contractual services	260,885	400,000	205,240
08 Supplies and materials	1,387,595	2,419,389	1,521,120
09 Equipment	182,907	600,000	180,350
10 Lands and structures	5,906,015	11,302,754	5,232,392
12 Pensions, annuities, and insurance claims	1,178		
13 Refunds, awards, and indemnities	483	2,500	550
15 Taxes and assessments	7,516	10,000	7,850
Subtotal	11,212,830	18,632,568	10,165,000
Deduct: charges for quarters and subsistence	333,947	318,740	225,000
Total direct obligations	10,878,883	18,313,828	9,940,000
Obligations Payable Out of Reimbursements From Other Accounts			
01 Personal services	324,660	437,839	400,000
07 Other contractual services		100,000	100,000
08 Supplies and materials	277,143	462,161	500,000
Total obligations payable out of reimbursements from other accounts	601,803	1,000,000	1,000,000
Obligations incurred	11,480,686	19,313,828	10,940,000
ALLOCATION TO BUREAU OF PUBLIC ROADS			
Total number of permanent positions	40	26	
Full-time equivalent of all other positions	44	14	
Average number of all employees	80	36	
Average salaries and grades:			
General schedule grades:			
Average salary	$4,922	$4,937	
Average grade	GS-7.9	GS-7.7	
01 Personal services:			
Permanent positions	$189,204	$108,700	
Other positions	172,927	44,300	
Regular pay in excess of 52-week base	730		
Payment above basic rates	99,997	38,200	
Total personal services	462,858	191,200	
02 Travel	43,983	18,000	
03 Transportation of things	8,851	3,500	
04 Communication services	2,533	1,000	
05 Rents and utility services	3,613	1,400	
06 Printing and reproduction	649		
07 Other contractual services	78,342	32,600	
08 Supplies and materials	39,419	16,000	
09 Equipment	57	100	
10 Lands and structures	605,331	90,000	
15 Taxes and assessments	3,626	1,000	
Subtotal	1,249,262	354,800	
Deduct charges for quarters and subsistence	1,121		
Total direct obligations	1,248,141	354,800	
Obligations Payable Out of Reimbursements From Other Accounts			
08 Supplies and materials	3,317		
Obligations incurred	1,251,458	354,800	
ALLOCATION TO DEPARTMENT OF THE ARMY			
07 Other contractual services	15,643		

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year	$11,710,733	$7,702,011	$9,370,639
Obligations incurred during the year	12,747,787	19,668,628	10,940,000
	24,458,520	27,370,639	20,310,639
Deduct:			
Reimbursements	605,120	1,000,000	1,000,000
Unliquidated obligations, end of year	7,702,011	9,370,639	5,310,639
Total expenditures	16,151,389	17,000,000	14,000,000
Expenditures are distributed as follows:			
Out of current authorizations	16,151,389	7,000,000	6,000,000
Out of prior authorizations		10,000,000	8,000,000

OPERATION AND MAINTENANCE OF ROADS, ALASKA

Amounts available for obligation

Appropriation or estimate (obligations incurred):	
1953	$3,318,000
1954	3,000,000
1955	3,500,000

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
1. Major roads	$1,749,127	$1,794,130	$2,150,000
2. Local and feeder roads	1,550,479	1,155,870	1,300,000
3. Shop facilities	18,394	50,000	50,000
Obligations incurred	3,318,000	3,000,000	3,500,000

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Total number of permanent positions	205	210	220
Full-time equivalent of all other positions	90	85	85
Average number of all employees	240	245	250
Average salaries and grades:			
General schedule grades:			
Average salary	$4,922	$4,937	$5,060
Average grade	GS-7.9	GS-7.7	GS-7.8
Ungraded positions: Average salary	$6,518	$6,593	$6,589
01 Personal services:			
Permanent positions	$886,505	$951,420	$1,183,880
Other positions	614,456	625,940	710,325
Regular pay in excess of 52-week base	24,578	25,030	29,595
Payment above basic rates	932,289	901,345	1,035,900
Total personal services	2,457,828	2,503,735	2,959,700
02 Travel	10,112	35,000	35,000
03 Transportation of things	41,912	40,000	40,000
04 Communication services	3,245	3,000	3,000
05 Rents and utility services	9,308	8,000	9,000
06 Printing and reproduction	939	1,000	1,000
07 Other contractual services		100,000	102,000
08 Supplies and materials	438,798	118,450	175,000
09 Equipment	91,453	150,000	155,000
10 Lands and structures	315,920	100,000	100,000
13 Refunds, awards, and indemnities	241	300	300
15 Taxes and assessments	15,033	20,000	20,000
Subtotal	3,384,789	3,079,685	3,600,000
Deduct charges for subsistence and quarters	66,789	79,685	100,000
Obligations incurred	3,318,000	3,000,000	3,500,000

Analysis of expenditures

Obligations incurred during the year (total expenditures out of current authorizations):

1953	$3,318,000
1954	3,000,000
1955	3,500,000

Construction of Roads, Alaska

Mr. Jensen. The committee will come to order. The first item for consideration this morning is "Construction of roads, Alaska."

Last year we appropriated $14,600,000 for this purpose and you have a request this year for $9,940,000, a decrease of $4,660,000.

We will insert pages 107, 108, and 114 of the justifications into the record at this point.

(The matter referred to follows:)

1. Preparation of plans

Subactivity	Estimated total cost	Appropriated to June 30, 1954	Estimate for 1955
Copper River Highway (Cordova-Richardson Highway)	$380,000	$200,000	$80,000
Pittman-Willow	30,000		30,000
Farm and industrial roads	(1)		40,000
Cadastral surveys for rights-of-way	(1)		90,000
Development of plans for a highway system, southeastern Alaska	350,000	250,000	60,000
Total	760,000	450,000	300,000

[1] Recurring requirement.

This activity estimate provides funds for reconnaissance and location surveys and for preparation of maps and designs on which future construction and detail estimates are based.

2. Construction in progress

Subactivity	Estimated total cost	Appropriated to June 30, 1954	Estimate for 1955
(*a*) Taylor Highway	$6,480,000	$5,329,000	$500,000
(*b*) Richardson Highway, surfacing	36,640,000	29,964,000	4,000,000
(*c*) Alaska Highway, surfacing	15,700,000	9,410,000	2,390,000
(*d*) Denali Highway (Richardson Highway McKinley Park)	9,600,000	4,100,000	1,500,000
(*e*) Local farm, and industrial roads	(1)	400,000	200,000
(*f*) Anchorage-Elmendorf alternate through route	500,000	250,000	250,000
Total	68,920,000	49,453,000	8,840,000

[1] Recurring requirement.

3. Reconstruction

Subactivity	Estimated total cost	Appropriated, 1954	Estimate for 1955
Improvement of existing roads and bridges:			
(*a*) Road improvement	(1)	$400,000	$345,000
(*b*) Bridge replacements	(1)	400,000	455,000
Total		800,000	800,000

[1] Recurring requirement.

The amount requested will permit continuation of regrading and relocations of sections of the major highways to eliminate narrow and dangerous conditions on the main traveled routes, and to replace or widen hazardous and inadequate bridges. The following is a list of the items planned for reconstruction:

Projects:	
Mendeltna River Bridge	$50,000
Berry Creek Bridge	55,000
Knik Bridge	300,000
Moose River Bridge (Kenai)	50,000
Sterling Highway	100,000
Steese Highway	45,000
Matanuska Valley area	50,000
Homer area	40,000
Fairbanks area	40,000
Anchorage area	70,000
Total	800,000

4. New construction

No funds are requested for the fiscal year 1955 for this activity.

REQUEST FOR THE ROAD PROGRAM

Mr. JENSEN. Now will you tell us about the road construction program that you have requested here?

Mr. GHIGLIONE. Mr. Chairman and gentlemen of the committee, I appreciate the opportunity of appearing here to explain the program of the Alaska Road Commission.

Our program, as in the past, is aimed to accomplish three major services to Alaska: first, the interconnection of our settled communities, many of which are still completely isolated; second, the extension of our road system into remote farm, industrial, and mining potential areas which are now completely untapped and, third, the improvement of our system to a higher standard as traffic demands.

I have a map here showing our construction program. Should I step to the map, Mr. Chairman, and point it out?

Mr. JENSEN. Do you have a map here showing the roads in the program?

Mr. GHIGLIONE. Yes, sir.

Mr. JENSEN. I think you had better do that.

Do we understand that there is no new construction involved in this request at all?

Mr. GHIGLIONE. Yes, sir, that is right, there is no new construction. However, there is the continuation of some approved construction into new areas.

Mr. JENSEN. All right; go ahead.

Mr. GHIGLIONE. The map here [indicating] briefly has three colors on it.

The black is the paved portion of the highway system today; the green shows the gravel highways, the red the Alaska Railroad, and the dotted green, the projected or proposed highways which have been memorialized through the Territorial legislature to Congress—these latter projects have not yet been approved in most cases.

TAYLOR HIGHWAY

The construction program, starting from the beginning, includes $500,000 for the Taylor Highway, extending from the Alaska Highway at Tetlin Junction.

Mr. JENSEN. At what point?

Mr. GHIGLIONE. At Tetlin Junction, roughly 100 miles west of the Yukon border. It extends from that point on the Alaska Highway to the Yukon River at Eagle with a spur that connects with the Canadian Highway that goes into Dawson and loops back into White Horse, providing a bypass for some 500 miles of the Alaska Highway.

It goes through frozen country and the $500,000 we are requesting is to continue our stage type construction and bring it up to a 2-lane standard. At present it is only one lane wide in many parts. It takes several years to stabilize a highway through the permafrost in the northern part of Alaska.

ALASKA HIGHWAY

The second part of the program is for continuing the improvement and paving of the Alaska Highway.

We have a contract at present covering a section 50 miles east from Tok Junction, which is the junction of the Glen Highway and the Alaska Highway. The contract at present covers the highway from that point to within 42 miles of the Canadian boundary. The funds requested will complete the grading of the remaining section to the boundary and leave to be accomplished in subsequent years only the paving work. This is a low standard road at the present time. We must widen and straighten it and eliminate obsolete bridges before paving.

RICHARDSON HIGHWAY

The next project is for the continuation of the paving of the Richardson Highway, which extends from Valdez, the northernmost ice-free port in Alaska, to the interior at Fairbanks.

These funds are requested for accomplishing paving between mile 35 to about mile 80 at Tonsina. That will complete the paving of the southern end of the Richardson Highway, leaving unfinished only the paving of the Isavella section which is now half reconstructed to paving standard, the other half is now under construction with funds obtained last year.

That completes the paving programs.

DENALI HIGHWAY

The Denali Highway is the next project on our list. That is the new highway from Richardson Highway to McKinley Park.

We are requesting $1,500,000 to continue construction from both ends of the project and for the construction of bridges across the Nenana and the Susitna Rivers, both large rivers in Alaska. At the present time we have 90 miles of the 162 miles of the highway completed.

Mr. JENSEN. Will you pave that?

Mr. GHIGLIONE. No, we have no project in the budget yet for paving it. I am thoroughly convinced that it should be paved later.

Mr. JENSEN. This will make it an all-weather gravel highway?

Mr. GHIGLIONE. Yes, sir, an all-weather gravel highway.

Mr. JENSEN. All right.

LOCAL FARM AND INDUSTRIAL ROADS

Mr. GHIGLIONE. The next project which we have on our construction program is for the construction of local farm and industrial roads. This is to accomplish section line type farm roads in the Fairbanks, Anchorage, and the Kenai Peninsula areas, and also some roads in the Haines area and the Valdez area.

This $200,000 which is in the present request is to be applied on projects which have been approved by the Territorial board of road commissioners and passed through the Bureau of Land Management for justification as to the classification of farming land that will be tapped by the roads. Petitions totaling $1,700,000 for farm projects have gone through that procedure, for which we are now requesting $200,000 in this estimate.

Mr. JENSEN. All right.

RECONSTRUCTION OF EXISTING ROADS

Mr. GHIGLIONE. Also in our construction program is the item of reconstruction of existing roads for which $800,000 is requested, which is to be applied to the feeder roads which come off of our main road system, and which are now supporting the impact of an almost unprecedented increase in traffic. We have 3 times the traffic now that we had 5 years ago. We have to improve the highways, take out the dangerous curves, the dangerous grades, and inadequate bridges.

Mr. JENSEN. All right.

Mr. GHIGLIONE. That covers the entire construction program.

Mr. NUCKER. Did you not forget the Anchorage-Elmendorf section, Mr. Ghiglione?

ANCHORAGE-ELMENDORF ALTERNATE ROUTE

Mr. GHIGLIONE. Yes, I am sorry. The last project is a request for $250,000 which is for the paving of the alternate road to bypass the city of Anchorage from the Seward-Anchorage Highway, to the Glenn Highway and the remainder of the highway system. This also provides a direct route to the Fort Richardson and Elmendorf Air Force Bases, both big military centers.

Mr. JENSEN. All right.

Mr. GHIGLIONE. That is the entire road-construction program, Mr. Chairman.

POPULATION GROWTH IN THE PALMER AREA ON KENAI PENINSULA

Mr. JENSEN. How many people live in the agricultural area in the Palmer area on the Kenai Peninsula?

Mr. GHIGLIONE. You might be able to help on that, Mr. Rogers. I think there are about 400 farmers there and including the community to service those farmers I would say probably 2,000 people in all.

Mr. ROGERS. The last census was 2,523. That was in 1950.

Mr. JENSEN. Quite a great increase in population has taken place there in the last few years since that road was built from Turnagain Arm to Palmer?

Mr. NUCKER. The Palmer area is north of the Kenai Peninsula area which you mentioned, Mr. Chairman.

Mr. GHIGLIONE. Do you mean the Palmer or the Homer area?

Mr. JENSEN. I mean Homer. Palmer is in the Matanuska Valley.

Mr. GHIGLIONE. Well, the Kenai and the Palmer areas have had the same type of growth. There has been tremendous growth and our highway is rapidly becoming inadequate for the amount of traffic.

Mr. JENSEN. Is it the Palmer area on Kenai Peninsula that has a population of 2,500 now?

Mr. GHIGLIONE. No, sir, that is the Palmer area north of Anchorage.

Mr. ROGERS. Part of the Homer District is Seldovia District 701. That does not take in all of it.

Mr. GHIGLIONE. Then there are the other towns on the peninsula; Kenai, Seldovia, Anchor Point, and Ninilchik, served by the highway.

Mr. JENSEN. How many farms are there now in operation on Kenai Peninsula in the Homer area? Supply that for the record.

Mr. GHIGLIONE. Yes, sir.

(The matter referred to follows:)

Occupancy of Kenai Peninsula (south and west of Moose Reserve)

	1950	1953
Population	1,400	2,500
Homestead entries	355	[1] 700
Occupied homesteads	127	Not known
Number of farms	[2] 43	25

[1] Includes approximately 450 patents and 250 unperfected entries.
[2] Includes 13 full-time farms and 30 part-time farms.

Sources: Agricultural Experiment Station Bulletin 13, pp. 11, 18. Estimates of Anchorage Office of Bureau of Land Management and Agricultural Experiment Station, Palmer, Alaska.

Mr. JENSEN. Now, that land is being thrown open to veterans; is it not?

Mr. GHIGLIONE. Yes, sir; it has been thrown open to them.

Mr. JENSEN. And they are moving in?

Mr. GHIGLIONE. Yes, sir; they are definitely moving in as fast as we can build roads off of the main highway. The land adjacent to the main highway is all taken up. In fact, the country is taken up before we can get in with roads.

Mr. JENSEN. What do they grow in that area?

Mr. GHIGLIONE. So far in the Homer area they are principally truck farming, raising quick-growing vegetables.

UNOBLIGATED BALANCE

Mr. JENSEN. Do you have an unobligated balance from 1954?

Mr. GHIGLIONE. We do have now. However, we now have invitations out for contracts on several sections of the highway which will use all of our available funds.

Mr. JENSEN. Is the construction program now on schedule?

Mr. GHIGLIONE. Yes, sir, it is.

OPERATION AND MAINTENANCE OF ROADS

Mr. JENSEN. You are asking for $3,500,000 for the operation and maintenance of the Alaska roads for 1955, which is $500,000 more than you requested for the fiscal year 1954, this current year.

Mr. GHIGLIONE. Yes, sir.

Mr. JENSEN. How many additional miles of road will you have to maintain in 1955?

Mr. GHIGLIONE. Roughly 100 miles. That is, 100 miles in addition to the present total mileage, and also we have improved from gravel to pavement 100 miles of road, which increases the unit cost. The unit cost we are using this year is the same as used in 1953, an average of $1,070 a mile on our total system. I consider this the minimum that will provide adequate protection for our highway investment and the traveling public.

CONTRIBUTION BY TERRITORIAL GOVERNMENT

Mr. JENSEN. How much does the Alaska Territorial government contribute to road maintenance?

Mr. GHIGLIONE. Roughly $300,000.

Mr. JENSEN. Per year?

Mr. GHIGLIONE. Yes, sir.

CONSTRUCTION OF ROADS, ALASKA

COPPER RIVER PROJECT

Mr. JENSEN. I want to go into that Copper River item. What is your feeling about that road?

Mr. GHIGLIONE. The present status of it is that we have $2,400,000 that was set up in the 1954 budget which we were authorized to divert from other projects. That was to accomplish the construction of the unit of that highway to get across the mouth of the Copper River to reach the potential oilfields that are being drilled by the Phillips Oil Co., the coal areas and the mining areas. It was our intention to let that contract.

At the present time we have the engineering finished, but we find that $2,400,000 is not enough to complete the job. The Bureau of Public Roads engineers have designed it, and we have checked their estimate, and we need $700,000 more to accomplish that unit. We have not obligated a penny of that money yet.

Mr. JENSEN. A penny of what money?

Mr. GHIGLIONE. Of the $2,400,000 that was set up for crossing the Copper River.

Mr. JENSEN. You have not obligated any of it?

Mr. GHIGLIONE. No, sir. The $2,400,000 will not cover the project and I did not consider it reasonable to let a contract for a road and bridge to the middle of the river since we could not get completely across.

Mr. JENSEN. Do you anticipate that you could use more money properly on that road for the fiscal year 1955?

Mr. GHIGLIONE. Yes, sir. We have requested the Secretary's office to authorize us to increase that $2,400,000 by diverting funds from some of our other projects if necessary to accomplish that unit. It should be done. We are ready to do it, and contract offers are economically available.

Mr. JENSEN. Would that make available roads to the mines in that area?

Mr. GHIGLIONE. To the coal mines, yes, sir. Most of the mineral is farther up the river, and we will not connect with or reach that area

yet, but we can provide access to the coal mines and to the big area that is being drilled by the Phillips Oil Co. under lease from the Interior Department.

Mr. JENSEN. Off the record.

(Discussion off the record.)

REPORT OF GENERAL ACCOUNTING OFFICE ON DIVERSION OF FUNDS

Mr. JENSEN. The most recent GAO report says this in part:

> Obligations have been made on specific major construction projects in excess of the amount originally in the justifications.
>
> Under procedures established by the Department and approved by the Bureau of the Budget, transfers have been made by the Commission from one construction project to another. In at least one project funds were expended prior to submission to the Congress of justifications of appropriations for the project.

What is your comment on that?

Mr. GHIGLIONE. On the first phase of our using funds from one construction project to another we have always very openly informed you and the Budget Bureau that we have done that on our paving work, on paving of the Alaska Highway, the Glenn Highway, and the Richardson Highway. When it has been more economical we have simply borrowed from one to the other, and our budget submission every year has picked that up and shown the action. These paving projects are all considered to be parts of one major program of improving the main highways.

The second part of your question covers one project, the Naknek Road, which was accomplished in 1949 by my predecessor at the very strong insistence of the Military and with the concurrence of the Department that the project was strategically important, and it had to be accomplished. They explained it in the following year's budget submission and obtained funds to cover that project.

Mr. JENSEN. Of course, we appropriate money to do specific things. Did I understand you to say that the Army had requested you to put this one in that you just explained?

Mr. GHIGLIONE. Yes, sir.

Mr. JENSEN. And did you take that as authoritative, that they should tell you what to do with the money?

Mr. GHIGLIONE. No, sir; it was passed by our department to the Secretary's office for consideration with all the factors involved.

Mr. JENSEN. By the Secretary's office you mean the Secretary of Interior?

Mr. GHIGLIONE. The Secretary of the Interior, yes, sir.

Mr. JENSEN. This report goes on to state:

> We believe that the Commission should review the policy under which it is reimbursed for work performed for other agencies (e. g., Territory of Alaska, National Park Service, and Civil Aeronautics Administration).
>
> In the past the Commission has not always received amounts sufficient to cover all costs of the work performed contrary to section 601 of the Economy Act (31 U. S. C., 686) relating to performance of services by one Government agency for another.

Do you have any comment to make on that?

Mr. GHIGLIONE. Yes, sir. The amounts involved were in all cases very nominal. However, we have reviewed that situation and have corrected it.

Mr. BUDGE. I would like to comment that I think the Department of the Interior has been quite lax in this diversion of funds for pur-

poses other than the justifications they made to Congress. Whether it is at the request of the military or anybody else, the Congress of the United States appropriated the money for a specific purpose. Last year the Geological Survey stated that although money was appropriated to be spent on the Pacific coast, they spent the money on the Atlantic coast. I do not think the Secretary of the Interior has such authority, and I hope that practice will not be continued.

Mr. KIRWAN. Let me give you a little advice, if I can. Do not take much advice from the Army because I think they wasted millions on that highway. That is No. 1. No. 2 is they wasted many millions on the railroad. Instead of building the road where the Department of the Interior wanted it, they looked at the map. Now we come along with the railroad. They sent some generals in here with uniforms on saying it was for national defense, they wanted to build a railroad yard good enough for New York or Philadelphia, wasting millions again.

So we are not taking advice from the Army. The chairman and myself went to the Excursion Inlet where the Army built a camp after the Japs had left and then they tore it down without occupying it. When we asked the Governor why they let the Army build it, he said that he had asked that question and that the general had straightened up and said, "Sir, I gave my word and that is where it will be built." So they spent the $33 million, built the camp, and tore it down. So do not come here and say the Army has made a recommendation, because that will not help.

HOUSING IN ALASKA

Mr. KIRWAN. Are there any houses up in Anchorage or Fairbanks not leased or rented?

Governor HEINTZLEMAN. There are quite a few in Anchorage not yet rented.

Mr. KIRWAN. Are they new houses?

Governor HEINTZLEMAN. They are new houses.

Mr. KIRWAN. Who built them?

Governor HEINTZLEMAN. They were built mostly under sponsorship of the Alaska Housing Authority.

Mr. KIRWAN. By the Government?

Governor HEINTZLEMAN. Government funds.

Mr. KIRWAN. And the same, we understand, applies to Fairbanks?

Governor HEINTZLEMAN. Not as much.

Mr. KIRWAN. Not as many, but there are some not rented and not leased?

Governor HEINTZLEMAN. Not to date.

Mr. KIRWAN. And down in the States we are hunting for houses and need them pretty bad while they have them standing idle in Alaska. That is one of the things we are doing in Alaska, overbuilding. I am for this public highway, because you cannot go anywhere in Alaska until this highway is pretty well completed, but there is no use building houses and all those things before you have people up there to occupy them. It is a waste of Government money and everything else to have houses standing there and deteriorating.

Governor HEINTZLEMAN. I think quite a few of those houses will be occupied in the near future. There is still a lot of substandard

housing in those two towns that are occupied, and I think we will gradually move those people over into the better class of housing.

Mr. KIRWAN. But the economic situation is not the best today in Alaska. They are cutting down on the plants and that will take millions out of Alaska. It is not going to be the best situation for property when people are not working.

Mr. JENSEN. How many houses are vacant at this time in Fairbanks and Anchorage?

Governor HEINTZLEMAN. I do not know.

Mr. JENSEN. Who does?

Mr. KALBAUGH. I can speak for Anchorage. A real-estate man was telling me recently there are approximately 200 houses recently constructed that he and his associates were having difficulty in disposing of.

Mr. KIRWAN. That is a lot of houses.

Mr. JENSEN. Indeed it is. I presume the rent or the monthly payments are so high that folks that would like to go into those homes, or buy or rent them, do not have an income that would permit occupying them.

Mr. KALBAUGH. That is true, Mr. Chairman. However, they are reducing the required down payments and the monthly payments in order to get people out of the substandard homes they are living in now into this better housing.

Mr. JENSEN. I see.

COPPER RIVER HIGHWAY

I want to ask another question about the Copper River Highway. If we should decide to appropriate the $700,000 more for the Copper River Highway, would that let construction continue through the fiscal year 1955 at about as fast a rate as would be possible?

Mr. GHIGLIONE. Yes, sir, at a very fast rate.

Mr. JENSEN. All right. That will complete the Alaska roads.

ALASKA RAILROAD

CONSTRUCTION, ALASKA RAILROAD

Amounts available for obligation

Appropriation or estimate (obligations incurred):	
1953	$3,906,000
1954	4,215,000
1955	11,994,000

Analysis of expenditures

Obligations incurred during the year (total expenditures out of current authorization—paid into revolving fund):	
1953	$3,906,000
1954	4,215,000
1955	11,994,000

ALASKA RAILROAD REVOLVING FUND

PURPOSE AND FINANCIAL ORGANIZATION

This revolving fund is derived from the earnings of the railroad and is used for operating expenses and maintenance charges as well as improvements and additions (48 U. S. C. 301–308).

The Government's investment in the railroad as of July 1, 1953, was $128,145,927 of which $19,312,408 was donations from other agencies. The investment consists of $112,811,759 for fixed assets and other assets including working capital, amounting to $15,334,168.

ANALYSIS OF BUDGET PROGRAMS

The operations of the railroad are set out in four groups:

1. *Rail line operation.*—This consists in the operation of the railroad in handling of freight and passenger traffic. Funds applied to expenses for 1955 are estimated to be $17,647,070, the same as for 1954. Based on present estimates, some construction traffic will decrease while coal shipments will increase.

Funds applied to acquisition of assets during 1955 are mainly for the reconstruction of the Seward-Portage line and construction of Seward dock, estimated at $13,172,960.

Appropriations are requested in 1955 for $2,900,000 to continue with construction of Seward dock started in 1954 and for reconstruction of the Seward-Portage line as follows:

Roadway and track	$6, 240, 000
Bridges, trestles, culverts, and tunnels	1, 828, 000
Roadway buildings	156, 000
Shops and enginehouse facilities	712, 000
Seward yard facilities	48, 000
Communications	110, 000
Total	9, 094, 000

2. *River boat operations.*—This consists of handling freight traffic on the Tanana and Yukon Rivers by river boats and barge service. Funds applied to expenses for 1955 are estimated to be $299,700 and the same for 1954. Traffic on the rivers is expected to increase due to expanded activities.

3. *Hotels and mess operations.*—These include the hotels, messhouses and work crews' messes. Funds applied to expenses for 1955 are estimated to be $922,900 and $926,878 for 1954.

4. *Commissary operations.*—Hotel and mess operations are furnished supplies, and also section gangs and work crews where no other source is available. Funds applied to expenses for 1955 are estimated to be $1,012,000 and $1,004,277 for 1954.

FINANCING OPERATIONS

An appropriation of $11,994,000 is requested for 1955 for capital programs as indicated above under "Rail line operations."

OPERATING RESULTS AND RETAINED EARNINGS

A net operating loss of $42,046 occurred in 1953. A net operating income of $39,070 is estimated for 1954 and the same for 1955. The total deficit of $14,077,263 as of June 30, 1953, will decrease to $13,999,123 as of June 30, 1955.

Mr. JENSEN. Now we will go to the Alaska Railroad. Mr. Frank E. Kalbaugh is the new general manager of the Alaska Railroad and we are happy to have you here today, Mr. Kalbaugh. Will you give us a brief history of your life?

BACKGROUND OF GENERAL MANAGER

Mr. KALBAUGH. Thank you, sir. I was born in Pennsylvania on January 13, 1901. My father was a railroad man with the Pennsylvania Railroad, and he later moved to Idaho, Montana, and then to California, where he became associated with the Southern Pacific Railroad, and where I subsequently started my own railroad career at the age of 18. I remained with the Southern Pacific at various locations and in various capacities, in the shops, as a switchman, and later was promoted to numerous positions from one location to another, and finally was made division superintendent with headquarters at Ogden, Utah, for the territory extending into Nevada. I was there 5 years.

After 33 years with the Southern Pacific, the vacancy developed on the Alaska Railroad and the Secretary of the Interior asked the Southern Pacific, to suggest a man with railroad background to go to Alaska to be general manager of the Alaska Railroad. I was selected for the position and I accepted and the appointment was made effective September 1, 1953.

Since September 1, after arriving in Alaska I spent most of my time looking over the property and seeing just what we had up there.

Briefly, that is my history and my background.

Mr. JENSEN. I might say that our former Road Master Kirwan, who worked on the railroads and with the railroads for many years, is now Congressman Kirwan, a member of this committee.

Mr. Kalbaugh, I am sure your background qualifies you completely to handle the Alaska Railroad. It has been quite a headache, so to speak, to this committee for many many years. We have spent an awful lot of money rehabilitating that part of the railroad which had already been built, which I think is about 500 miles. Do you have a statement, Mr. Kalbaugh?

Mr. KALBAUGH. No, Mr. Chairman, I have no prepared statement. However, if you would like I can discuss briefly the condition of the railroad and what is back of our request for these funds.

Mr. JENSEN. All right. I note that we appropriated $4,215,000 for fiscal year 1954, and you have requested in this budget for fiscal year 1955 $11,994,000.

That increase comes about because of your request for $9 million plus for the rehabilitation of the railroad line from Seward to Portage?

Mr. KALBAUGH. Yes, sir.

Mr. JENSEN. You may proceed.

CONSTRUCTION OF SEWARD DOCK

Mr. KALBAUGH. At the last session of Congress there was appropriated $1.5 million for preliminary work, studies, and material, etc., to begin the building of a new dock at Seward. The engineering work on that new dock is presently in progress. A firm of consulting engineers has been selected and they have been in Alaska and they will give us their report on the designs that they recommend in the very near future, I imagine about March 1.

In order to complete that dock, which we anticipate will berth three ships, we will require an additional appropriation of $2,900,000.

Mr. JENSEN. Have you requested that amount in this budget?

Mr. KALBAUGH. Yes, that is included in this budget.

Mr. JENSEN. Can you complete that project in fiscal year 1955?

Mr. KALBAUGH. I do not think it will be completed, Mr. Chairman, but it will be well on its way. In other words, we can complete the dock and complete the tracks up to it, but there will be things such as the warehouse and other buildings which may not be completed entirely.

Mr. JENSEN. But the funds for the warehouse and everything are in this request?

Mr. KALBAUGH. Yes, it is all in there.

Mr. NUCKER. The funds will be obligated; that is, the buildings will be under contract.

REHABILITATION OF THE SEWARD-TO-PORTAGE LINE

Mr. KALBAUGH. The remaining item in the budget is for the rehabilitation of the railroad between Seward and Portage, 64 miles. That is a total of $9,094,000. Of this mileage, there was some of the old 65- and 70-pound rail taken out and replaced with new rail from their stockpile. We eliminated the loop district where the weak trestles were. That is about 2.2 miles. In addition, new rails were taken from the stockpile for this area because the old rail became so bad that it was unsafe to operate either freight or passenger trains on it.

Mr. JENSEN. When you say from the stockpile, what do you mean?

Mr. KALBAUGH. From the railroad's stockpile. They have used practically all their new 115-pound rails. That is not a healthy situation. The trestles in the loop section have been eliminated and the line change has been made and is in use at the present time.

Mr. JENSEN. All of the trestles have been eliminated?

Mr. KALBAUGH. Yes, sir.

Mr. JENSEN. And it was not possible to straighten out that road until the glacier had receded?

Mr. KALBAUGH. The recession of the glacier was what permitted the new line change.

Mr. JENSEN. Is there anything else you care to mention before we go into this request which you have made for the Seward-Portage line rehabilitation?

Mr. KALBAUGH. Only that I have personally gone over, by motor car and walked, the major portion of the road between Portage and Seward in order to get a firsthand knowledge of the situation.

I have photographs showing the condition of the 65- and 70-pound rail. The ties are badly deteriorated, the rail ends are battered, and in extremely poor condition. In all of my railroad experience I have never seen rails over which trains were operated, especially passenger trains, in such a bad condition.

Mr. JENSEN. What do you estimate the total cost will be to rehabilitate the railroad from Portage to Seward?

Mr. KALBAUGH. The total cost will be $9,094,000. This winds it up. In other words, it is my hope to operate the Alaska Railroad safely, first, and then efficiently, and if we operate it efficiently it will be operated economically. I hope we can operate that railroad—and I think we can—so that our revenues will be sufficient to maintain it and to take care of any future requirements we may have.

Mr. JENSEN. Do you have a roundhouse at Seward, what we call a roundhouse?

Mr. KALBAUGH. An enginehouse.

Mr. JENSEN. A turntable?

Mr. KALBAUGH. A wye, which permits turning of equipment.

Mr. JENSEN. And you have your shops there?

Mr. KALBAUGH. Very minor shops. With our dieselization, Seward will be, so far as mechanical work is concerned, just a way station. We will concentrate on the shop at Anchorage for repairs to locomotives.

Mr. JENSEN. There are no shops at all at Portage?

Mr. KALBAUGH. No, there is nothing at Portage.

Mr. JENSEN. Not even a turntable?

Mr. KALBAUGH. No. We have a wye there.

Mr. JENSEN. You have a wye?

Mr. KALBAUGH. Yes; so you can make a Portage turn. A locomotive can come out of Whittier and leave the cars at Portage, turn on the wye, and go back to Whittier.

Mr. JENSEN. Tell us the advantages that would be effected by the completion of the rehabilitation of the railroad from Portage to Seward.

Mr. KALBAUGH. Well, aside from the safety factors involved, the advantages would be very material. The maintenance of that section of line presently is costing us better than twice as much as the maintenance of any other section of our railroad. We will be able to reduce our forces very substantially. We have already made some reductions and will make more. If this rehabilitation were made effective, we would be able to reduce our maintenance cost fully 50 percent on this section.

Mr. JENSEN. As I remember, there are some tunnels in that section?

Mr. KALBAUGH. Yes, sir. There are some rock tunnels in that area.

Mr. JENSEN. What will you do with those tunnels?

Mr. KALBAUGH. The rock tunnels are all right. The drainage is poor. The drainage will have to be improved.

Mr. JENSEN. Do you have snowslides in that area?

Mr. KALBAUGH. Yes. We have some heavy snow in that area. However, that is not a particular problem; it is a matter of good operating efficiency.

Mr. JENSEN. How is your rolling stock?

Mr. KALBAUGH. All of it is in fine shape. However, the maintenance of our freight cars has not been what we consider standard, but that will be improved.

RAILROAD PERSONNEL

Mr. JENSEN. How many employees does the railroad have now?

Mr. KALBAUGH. We had 2,376 employees when I went up there.

Mr. JENSEN. That was last September?

Mr. KALBAUGH. Yes. We now have 1,658 and I am aiming at a figure of about 1,500 as the first goal.

ABILITY OF RAILROAD TO BE SELF-SUPPORTING

The railroad should be and can be made self-sufficient. In other words, the railroad should show a profit at the end of this year after paying all the expenses and after depreciation.

Mr. JENSEN. What percent of depreciation?

Mr. KALBAUGH. It varies. The depreciation rates on the Alaska Railroad, compared with railroads stateside, are rather high. They are higher, for instance, than the depreciation rates of the Southern Pacific.

Mr. JENSEN. You follow about the same depreciation schedule as in the States?

Mr. KALBAUGH. Approximately, although they are slightly higher in Alaska.

Mr. JENSEN. You feel quite sure that the railroad can be made self-supporting?

Mr. KALBAUGH. I do, sir. In fact, the last report we have shows a very nice figure, and it will improve, I am sure, between now and June 30, the end of this fiscal year. We intend to use that profit to

put back into the business for capital improvements so as to avoid the necessity of having to come to Congress and ask for more money. That is our plan.

WAGE DIFFERENTIALS

Mr. JENSEN. Are you having any labor trouble?

Mr. KALBAUGH. No, we are not having any labor trouble. We presently are negotiating with the nonoperating employees for a wage increase. Our wage pattern follows the pattern of the Northern Pacific plus the Alaska differential.

Mr. JENSEN. That is 25 percent?

Mr. KALBAUGH. It is 25 percent in most other governmental agencies, but the overall differential across the board is higher for the railroad.

Mr. JENSEN. Why should that be?

Mr. KALBAUGH. I cannot answer you.

Mr. JENSEN. Do you have the authority to permit that condition to exist, to pay more than the 25 percent differential?

Mr. KALBAUGH. I understand legally we have such authority; yes, sir.

Mr. NUCKER. The Alaska Railroad has a differential which in some areas approximates 40 to 45 percent more than what railroaders in the States get for the same job. It also has areas where the differential is less than 25 percent as compared to stateside jobs. This was brought about as a result of a change in wages made by the Alaska Railroad about 1948 or 1949 when they started with a base of stateside railroad wages by class and adding to that a cost of living differential which at that time was estimated at about $1,500 a year. A section laborer, under that formula, would then receive more than 25-percent differential, because in the States at that time he was getting approximately $3,000 a year, and when we added $1,500, we produced a 50-percent override. When we get into the higher paid scales in the railroad the same differential does not apply percentagewise. The same $1,500 applies. For instance, a stateside railroad job paying $6,000, on the Alaska Railroad would pay $7,500, which would be a 25-percent increase. So this differential was brought about by applying a flat amount across the board to all employees, which was intended to represent the difference in the cost of living.

Mr. JENSEN. I think this is the only case to my knowledge where more than 25 percent is paid to employees outside the limits of the United States. I realize the living expenses in Alaska are higher than here, but I still wonder if that would be justified.

FACILITIES OF RAILROAD

Mr. KIRWAN. You say you have eliminated trestles?

Mr. KALBAUGH. Yes; in the Loop district.

Mr. KIRWAN. What was the tonnage of a train going over those trestles? What could you haul over those trestles?

Mr. KALBAUGH. That was in the steam-engine days, and the tonnage was very restricted. However, now with dieselization the tonnages are comparable with those in the United States. We have discontinued the remaining helper engines on the Alaska Railroad. There are no helper engines.

Mr. KIRWAN. None whatever?

Mr. KALBAUGH. No.

ROLLING STOCK AND SERVICE

Mr. KIRWAN. How much rolling stock do you have?

Mr. KALBAUGH. We have approximately 2,200 freight cars of various types, and we have 53 diesel locomotives. The last 6 of those units were delivered 2 weeks ago last Saturday, and they were authorized by this committee last year.

Mr. KIRWAN. How many trains are you running now?

Mr. KALBAUGH. We have reduced our Anchorage to Seward passenger train service to one train per week, known as a boat train. And between Anchorage and Fairbanks this winter we have cut our service to a triweekly basis. Our freight trains are also on a triweekly basis between Anchorage and Fairbanks except the coal train between Healy and Fairbanks, which handles about 60 cars a day. On the south end, with the advent of the 6 new diesel engines, we were able to cut off 1 freight train per day between Seward and Anchorage, and are now operating 1 train.

Mr. KIRWAN. What is the capacity of the yard at Fairbanks?

Mr. KALBAUGH. I really could not say what the capacity is. It has never been used to its capacity and in the foreseeable future I cannot see its being used to capacity. I think the Fairbanks yard was overbuilt.

Mr. KIRWAN. Very much overbuilt.

Mr. KALBAUGH. Yes, sir.

GENERAL OPERATING CONDITION

Mr. KIRWAN. When you made the statement this railroad can support itself and show a surplus, I think you are 100 percent correct.

Mr. KALBAUGH. Thank you.

(Discussion off the record.)

Mr. KALBAUGH. The railroad was overstaffed. There is no question about it. The purchases were too high. There were too many people working for the railroad and too many bobtail trains with a half-dozen freight cars behind them. There just was no sense to it.

Mr. KIRWAN. That is right. You said you were hauling 60 cars of coal a day. I am opposed to this business of having a dozen men cleaning a road crossing, one fellow watching another, and all that stuff.

Mr. KALBAUGH. I am, too. I am opposed to that kind of operation.

Mr. KIRWAN. I think the committee is of the same mind.

Mr. KALBAUGH. We are going to make a profit this year.

Mr. KIRWAN. I am glad to hear that.

Mr. JENSEN. I think it can be said truthfully that this committee has for many years looked with disfavor on the rehabilitation of that road from Portage to Seward because of the fact that the railroad was losing money and we felt it was bad business to throw more millions into that railroad.

Governor, would you like to make a statement on this railroad?

Governor HEINTZLEMAN. I am very much in favor of reconditioning the railroad between Seward and Portage. I think it is very important to the economic development of Alaska, and I think it is important with relation to the military defense of Alaska. I know the condition of that road. Like Mr. Kalbaugh, I have been over it many times,

and I have been over part of it on foot, and something has to be done if we are to operate efficiently over that section. I would like to see it rehabilitated as soon as possible.

Mr. JENSEN. Thank you. Mr. Strand, do you care to make any comment?

Mr. STRAND. I said in my opening statement that as a newspaperman I have watched the operation of Government for many years, and it is with much pride that I find myself associated with Mr. Kalbaugh in the Government at this time. I think the work he has done is a great credit to the Department and to the executive branch of the Government.

Mr. JENSEN. Concluding these hearings, I want to say, Mr. Kalbaugh, that we are very happy and grateful to you for accepting this position. We are sure you are going to pull that railroad out of the red and that the headaches that this committee has had over that railroad are rapidly coming to an end.

Mr. KALBAUGH. Thank you, sir.

Mr. JENSEN. Is there anything else, gentlemen?

Mr. BUDGE. Could I make one unanimous-consent request?

Mr. JENSEN. Yes.

GOVERNOR'S OFFICE

Mr. BUDGE. I note that the amount appropriated for the Governor's Office in the Territory of Alaska in fiscal year 1953 was $109,681, 1954 was $110,500, and the 1955 estimate is $97,400. I ask unanimous consent that there be inserted in the record at this point a statement of terminal-leave payments made from the 1953 appropriated funds, to whom made, and for what periods.

Mr. JENSEN. Without objection, it is so ordered.

(The matter referred to follows:)

Terminal-leave payments to Federal employees, Office of the Governor of Alaska, fiscal year 1953

Name	Number of days	Amount paid
Ernest Gruening	97 days	$5,596.13
Burke Riley	63 days, 1 hour	3,277.64
Katherine Alexander	51 days, 6 hours	1,676.90
John C. Doyle	11 days	314.14
Harriet R. McGinnis	3 days, 7 hours	63.53

INCREASING LIMITATIONS ON SALARIES OF OFFICIALS OF ALASKA RAILROAD

Mr. KALBAUGH. There is one thing I would like to add, Mr. Chairman. Since being in Alaska, and after having the benefit of some additional advice from railroadmen, Great Northern and Western Pacific, there are several positions, including the Assistant General Manager, where, as indicated in our submission to the Bureau of the Budget, the salaries are presently restricted by congressional action. The Assistant General Manager presently draws $13,000 per year, and we have requested authorization to increase that to $14,000. The principal assistants, such as the Chief Engineer, General Superintendent of Operation, and like jobs, are presently restricted to $11,000 a year and we have requested authorization to

have a ceiling put on that of $12,500 a year. This is including the so-called differential.

I have a statement here which has been prepared showing the justification and necessity for increasing the limitations on these salaries, and with your permission I would like very much to put it in the record.

Mr. JENSEN. Without objection it will be included.

(The statement referred to follows:)

JUSTIFICATION FOR INCREASING LIMITATIONS ON SALARIES OF OFFICIALS OF THE ALASKA RAILROAD

The Interior Department Appropriation Act, 1954 (67 Stat. 261), in a section dealing with The Alaska Railroad revolving fund, provides:

"That no one other than the general manager of said railroad, and one assistant general manager at not to exceed $13,000 per annum, shall be paid an annual salary out of said fund of more than $11,000."

The Bureau of the Budget has approved a request to Congress that these salary limitations be increased, for the fiscal year 1955, to $14,000 and $12,500, respectively.

Officials of The Alaska Railroad are in charge of a Government enterprise with plant and equipment valued at more than $100 million and with an annual gross income of around $20 million. The Department of the Interior is asking that the salary limitations referred to above, which affect only the top officials of the Railroad below the General Manager, be increased, not to permit payment of salaries equal to those paid officials of private railroads of similar size, but to permit the Railroad to at least equal the salaries paid to employees of the Federal Government in Alaska whose responsibilities are no greater.

The salary of the Assistant General Manager of The Alaska Railroad is in the grade GS–14 range, $12,000 to $13,250 per annum, in Alaska. He cannot even receive the top salary of this grade. The second in command of the Alaska Road Commission is the Chief Engineer and he is paid a grade GS–15 salary, in Alaska $13,500 to $14,750 per annum. Yet the requirements of skill, judgment, experience and responsibility are certainly no less for the former position than for the latter.

Other officials of The Alaska Railroad can receive no more than $11,000 annually In Alaska this is within the salary range of grade GS–13 ($10,450 to $11,700) and is $700 less than the top salary of the grade. Positions limited to the $11,000 maximum are, among others, the Assistant to the General Manager in charge of finance and administration, the Chief Engineer in charge of maintenance of way, bridges, and buildings and all new construction, and the Superintendent of Motive Power and Equipment, in charge of multimillion dollar shops in which locomotives, cars and off-line equipment are repaired or rebuilt. In contrast, the Chief of the Administrative Division of The Alaska Road Commission receives a grade GS–14 salary. or one grade higher than the Railroad officials named above. Actually these Alaska Railroad officials are in the same pay range as the district engineers in the field offices of the Alaska Road Commission and as five subordinate officials of the Alaska Public Works field office.

These comparisons have been confined to agencies of the Department of the Interior. A survey of other Government agencies in Alaska, whose officials are paid in accordance with Federal classified service salary grades, would show the same discrimination against officials of the Alaska Railroad.

In appraising Government salaries in Alaska, it should be remembered that Alaska Railroad officials are working in an area where consumer prices are about 40 percent higher than they are in Seattle.

A survey team, which included high officials of private railroads in the States, has just completed a review of the management and operations of the Alaska Railroad. The following statement as to the statutory limitations on Alaska Railroad salaries is taken from the survey team's report:

"A major problem is faced by the Railroad each time it becomes necessary to recruit a competent department head. The statutory limitation of $11,000 on salaries below the position of Assistant General Manager appears to be unrealistic in view of the cost of living in Anchorage. Also the present limit is below the starting salary of $12,000 in civil service grade GS–14. It is recommended that appropriate action be taken to secure authority for payment of salaries not in excess of $14,000 per annum to the Assistant General Manager, and $12,500 per

annum to each of the following officers of the Railroad: General superintendent, chief engineer, comptroller, and chief purchasing contracting and property officer."

The Department of the Interior believes that it would be fair and reasonable to pay officials of the Alaska Railroad salaries at least equal to what they would be entitled were they occupying positions of comparable responsibility in the Federal classified service. This cannot be done under the present salary limitations.

Mr. JENSEN. All right, gentlemen. That concludes the hearing. Thank you.

TRUST TERRITORY OF THE PACIFIC ISLANDS

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate (obligations incurred)		$4,300,000	$5,825,000
Comparative transfer from "Administration of Territorities, Office of Territories"	$5,222,229		
Total obligations	5,222,229	4,300,000	5,825,000

Obligations by activities

Description	1953 actual	1954 estimate	1955 estimate
1. High Commissioner's office	$57,688	$59,000	$59,000
2. Judiciary	38,695	56,000	56,000
3. Grants	5,125,846	4,185,000	5,710,000
Total obligations	5,222,229	4,300,000	5,825,000

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Total number of permanent positions	8	20	20
Full-time equivalent of all other positions		4	4
Average number of all employees	8	24	24
Average salary and grades:			
General schedule grades:			
Average salary	$8,365	$8,418	$8,529
Average grade	GS-11.8	GS-11.8	GS-11.8
Ungraded positions: Average salary	$4,830	$4,830	$4,830
01 Personal services:			
Permanent positions	$65,198	$66,316	$66,245
Other positions		14,182	14,890
Regular pay in excess of 52-week base	257	260	261
Payment above basic rates	12,886	14,232	16,060
Total personal services	78,341	94,990	97,456
02 Travel	13,535	10,268	11,200
03 Transportation of things	815	2,600	1,200
04 Communication services	1,334	2,000	1,500
05 Rents and utility services		200	200
06 Printing and reproduction		448	450
07 Other contractual services	761	1,400	555
08 Supplies and materials	1,024	1,076	1,139
09 Equipment	573	2,018	1,300
11 Grants, subsidies, and contributions	5,125,846	4,185,000	5,710,000
Total obligations	5,222,229	4,300,000	5,825,000

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year			$50,000
Obligations incurred during the year		$4,300,000	5,825,000
		4,300,000	5,875,000
Deduct unliquidated obligations, end of year		50,000	50,000
Total expenditures		4,250,000	5,825,000
Expenditures are distributed as follows:			
Out of current authorizations		4,250,000	5,775,000
Out of prior authorizations			50,000

Mr. JENSEN. We are very pleased to have with us today Mr. Midkiff, High Commissioner of the Trust Islands and his Assistant Commissioner, J. A. McConnell.

Mr. Commissioner, how long have you been on this job now?

Mr. MIDKIFF. Ten months.

Mr. JENSEN. I remember you appeared before the committee last year shortly after you had been appointed. Of course at that time you had very little information about the Trust Islands but because you had been out in that part of the world for many, many years, you did have considerable understanding of the problems of the Trust Islands. I understand your Deputy High Commissioner, Mr. McConnell, stays in the Trust Islands most of the time if not all the time. Is that correct, Mr. McConnell?

Mr. MCCONNELL. I am something of a traveling man.

Mr. JENSEN. You have been there most of the time?

Mr. MCCONNELL. I would not say that. I have been there about half the time.

Mr. JENSEN. I understand you gentlemen have a good conception of what the United States should do for those fine people of the trust islands who endeared themselves to the committee that visited there a few years ago, namely, Congressman Andersen of Minnesota, Congressman McGrath of New York, and myself. I am glad we took that trip. We learned something about the desires and hopes and wishes of the people of the trust islands and we learned that they did not expect too much. They recognize that they have an entirely different standard of living and live under entirely different conditions than we do on the mainland. Nevertheless, generally speaking, they are happy people and I have nothing but the highest praise for them. They went through a terrible siege. I know they are very happy now.

It is really a revelation to visit the islands as we did and to get to know those people. They are deeply religious people, of the Christian faith, and I presume that is one of the reasons they are not so difficult to deal with. They are willing to look at the other side of the problem and I am sure you have learned that, have you not, Commissioner?

Mr. MIDKIFF. Yes, sir.

GENERAL STATEMENT

Mr. JENSEN. Do you have a statement, Mr. Commissioner?

Mr. MIDKIFF. I have a 1-page statement which I would like to read, to which is attached a more detailed statement setting forth the highlights of the budget.

Mr. JENSEN. Without objection this statement, which was first handed me by the Commissioner, will go into the record.

I assume, Mr. Commissioner, that you would now like to brief that written statement?

Mr. MIDKIFF. Yes, sir.

Mr. JENSEN. You may proceed.

Mr. MIDKIFF. I might read this first page. It is very short.

Mr. JENSEN. Yes.

Mr. MIDKIFF. Last year, the Congress granted $4,300,000 for the operational program of the Trust Territory of the Pacific Islands. That contrasted with $5,222,000 the preceding year for operations. This year, a small increase of $25,000 for this operation is asked.

Also, we have requested $1,500,000 with which to start our badly needed permanent improvement program. The total program, which we should like to complete within 3 years, is estimated to cost around $8,500,000. That is in contrast with the $30 million estimate that the Navy had for a permanent improvement program. Savings in annual costs for operation and maintenance are then expected to be over $600,000, or about 8 percent of the total requested investment. On the other hand, to delay the permanent construction program inevitably will result in either (1) increasing annual maintenance costs or (2) partial neglect of maintenance needs.

Since we appeared before your honorable committee last year, a bill for organic legislation was presented to the Congress. This bill has not yet finally been acted upon. The Interior Department is now preparing a more simplified bill for consideration by the Congress. It is hoped that the necessities of the situation will be recognized and our budget be favorably acted upon.

(The document referred to above is as follows:)

FEBRUARY 2, 1954.

Mr. Chairman and gentlemen, I appreciate the honor of appearing before you to present the budget of the Trust Territory of the Pacific Islands for fiscal year 1955.

As shown in the Department of the Interior justifications for appropriations, fiscal year ending June 30, 1955, at pages 40 to 93, inclusive, the total amount requested for the trust territory this year is $5,825,000. This is an increase of $25,000 over the allowance for operations in fiscal year 1954, and of $1,500,000 to permit a start on our permanent construction program. No funds were provided for such permanent construction last year, although requested.

This statement will set forth the highlights of the presentation found in the above-mentioned Department's justification booklet, and it will be a pleasure to answer further specific questions that may be in the minds of your honorable committee.

It will be recalled that for fiscal year 1953, total grants were $5,222,229. However, appropriations for our use were reduced for fiscal year 1954 to $4,300,000 (the $300,000 thereof being provided as a supplemental appropriation for special repair). I regret very much to state that the serious reduction of $922,229 from our comparatively small operating budget has unavoidably resulted in great difficulty in maintaining minimum adequate programs in the fields of health, education, economic development, and welfare and in maintenance of our physical plant. However, I do not wish to create an incorrect impression by that statement, for a tremendous number of cases have been treated, educational work carried right along, and economic development projects at Metalanum and Babelthaup plantations and elsewhere throughout the territory carried on in addition to the volume of administrative services rendered the various groups of very needy people all throughout the trust territory.

The serious reduction for our 1954 operations came about through an unfortunate chain of circumstances, all of which began with the fact that no organic legislation had been enacted for the government of the trust territory, and it had been a stipulation in the appropriation bill for 1953 that no funds would be

available for the administration of the trust territory after June 30, 1953, unless and until organic legislation for this program was enacted by the Congress. The House, for this reason, passed the requested trust territory fiscal year 1954 budget on to the Senate, recommending an appropriation of nil.

To date no such organic legislation has been enacted. However, two bills have been introduced prior to 1954, and a new simplified bill is now being prepared by the Department for presentation to the Congress for its consideration.

Recognizing the necessities of the situation, the Senate last year, in acting upon the trust territory's budget for fiscal year 1954, which had come from the House with a recommendation of nil, as stated above, allowed $4 million and in this the House later concurred. Senate Joint Resolution 6 was the bill under which the appropriation was made. A supplemental $300,000 was later made available, as stated above.

Enactment of organic legislation not infrequently involves delays. The Departments of State and Defense and Interior all are concerned with the trust territory area, the former two Departments indirectly to a certain degree. It is requested that, should such delay eventuate this year, nevertheless, due to the fact that on the one hand the Department has presented bills to accomplish organic legislation, and on the other hand annual reports of work accomplished are made available through the Department of the Interior to the Congress, and it is known also that inspections have been made from time to time by Members of the Congress, and periodically by visiting missions of the United Nations, that your honorable committee will act with favor upon our request for funds. Thinking it might be of interest to you, I have prepared a statement showing the legal and authorizing agreements and orders under which we are acting at present. These heretofore have been considered in connection with the appropriation acts of the Congress for the trust territory. This summary is attached to my statement herewith.

Amounts of Federal funds available for fiscal years 1953, 1954, and requested for 1955 (excepting requested funds for permanent improvements) are as follows:

	Appropriation 1953	Appropriation 1954	Requested 1955
High Commissioner's Office	$57,688	$59,000	$59,000
Judiciary	38,695	56,000	56,000
Grants for operations	5,125,846	4,185,000	4,210,000
	5,222,229	4,300,000	4,325,000

Also, for fiscal year 1955, we are requesting $1,500,000 for permanent improvements. This brings the total grants to $5,825,000 requested for fiscal year 1955. Costs of the High Commissioner's Office and judiciary are shown unchanged for this present year. Operation costs are up $25,000 and the item of $1,500,000 for permanent construction is new.

Each year we have used supplemental appropriations granted for "special repairs" and with these and using equipment secured out of surplus, together with small savings made in the item of "Operation and maintenance of the physical plant", we have accomplished a few specially repaired or constructed items that will last for 10 or more years, and that may be regarded as good permanent investments. This has been in lieu of what has for some time been judged as wasting larger sums on annual maintenance of the existing temporary structures and equipment, much of which is now grown past economical maintenance and reasonable upkeep.

The very slight increase for fiscal year 1955 of $25,000 in grants requested for operations as contrasted with fiscal year 1954 are more than accounted for by normal salary increments throughout the trust territory. Otherwise nearly all other items show reductions, with an exception being found in slight offsetting increases requested in public works expenditures.

The administration of the more than 2,400 islands of the trust territory, scattered over an area larger than the continental United States, with its 52,000 people suffering from the ravages of war and imported scourges of tuberculosis, leprosy, coconut-killing beetles, giant African snails, etc., has been very difficult and, in my opinion, not altogether satisfactory under the existing reduced budget for operating expenses.

However, we are getting along after a fashion and endeavoring to reduce expenses where such will not too seriously harm the programs of health, education, economic improvement, and ability to adjust to self-government in a changed environment.

As High Commissioner, I fully appreciate the overall budget policies of the administration and I do not believe it is advisable to request any substantial increase in operating expenses for fiscal year 1955 over the allowance for fiscal year 1954. Necessity is said to be the mother of invention. Through stepped-up effort and industry by all hands, we hope to aid the Micronesians and our American staff to make adjustments to the reduced allotments without too serious effects. This willing concurrence in only a $25,000 raise for operations is based upon and believed practicable because of one thing: We hope to start our permanent improvement construction program. There is so much to be done throughout this vast area and the temporary structures and equipment being used are eating their heads off with repair and maintenance. New structures and equipment of a permanent economical nature will enable large savings in overhead and operation and maintenance.

Suitable typhoon-proof, rotproof, rustproof, termite-proof construction, and sturdy, slow-speed equipment will reduce annual maintenance by many hundred thousands of dollars. In fiscal year 1953, over $1,171,500 was spent on operation and maintenance of the physical plant. In addition, over $600,440 was spent on "special repairs", i. e., construction and equipment set up to last 10 years or longer. Comparisons for fiscal year 1954 and fiscal year 1955 are rather impressive when placed in tabular form:

	Fiscal year 1953	Fiscal year 1954	Requested fiscal year 1955	Suggested fiscal year 1956	Suggested fiscal year 1957	Suggested fiscal year 1958
Operation and maintenance of physical plant	$1, 171, 500	$863, 643	$863, 643	$600, 000	$500, 000	$500, 000
"Special repairs"	600, 440	362, 091	267, 000			
Total	1, 771, 940	1, 225, 734	1, 130, 643	600, 000	500, 000	500, 000
New construction			1, 500, 000	4, 500, 000	2, 500, 000	
Total maintenance, operation, and new construction	1, 771, 940	1, 225, 734	2, 630, 643	5, 100, 000	3, 000, 000	500, 000

The above table shows that at the end of the permanent construction program, there will be no more "special repairs" and the total "Operation, maintenance, and special repair" items will have dropped from $1,771,940 in fiscal year 1953 to $500,000 (estimated) in fiscal year 1958. This saving is $671,500 per year on the one item of "Operation and maintenance of physical plant." It is almost 8 percent on the investment of $8½ million requested for permanent improvement.

But to delay permanent construction will result in definitely increasing costs of maintenance and operation each year. To maintain the present temporary and emergency construction and equipment in fair order probably would require at least 50 percent more expense than we have been laying out. I believe it is fair to state that with the trust territory budget cut about $2 million below what the Navy had been spending, the previous administration under Interior had felt forced to save money and were unable to afford the large annual expenditures required to keep the quonsets and the high-speed emergency occupation equipment in proper order. Apparently the conclusion was to install permanent items as soon as possible and that the exceedingly high expenditures on the old equipment and structures would be a waste of money. If the permanent construction program is completed, fiscal year 1955 through fiscal year 1957, all the temporary quonsets and light, high-speed equipment will have been replaced after it has served for 10 or more years. Such life is all that can be expected of that type of equipment in the climate of the trust territory. The Government will have gotten value received out of the original investment and then will have in place of the deteriorated equipment, some structures and equipment that can be operated and maintained for 30–50 years at low and reasonable costs.

The amount of $1,500,000 asked for permanent improvements in fiscal year 1955 will be spent on the most pressing items and be a part of a carefully planned and estimated total required permanent construction program.

We have been using a figure of $8,500,000 for our total required permanent improvement program. It must be made clear that while we have had architects and engineers working on our building plans, and have had some experience constructing 1 hospital building, 1 school building, 1 refrigerator building, and 2 powerplants, and rehabilitating such old Japanese concrete structures as were practicable, we are too much in the dark about the wharf and pier construction that will be needed in order to be sure of our present estimates.

Just now we are restudying our overall surface transportation system, with the hope that if we get suitable wharves we can have commercial freighters call at at least two ports carrying copra to and trade goods from our west coast. Without good turnaround experience, such commercial freighters would have to charge us rates we could not possibly afford to pay. Nevertheless, these calls would in no way obviate the necessity for calls at all other district centers and runs to outlying islands by Government-owned vessels.

But all our piers are of temporary construction. They consist of driven sheet steel piling, with earth and coral fill, and in part with a concrete slab on top. The piling is fast rusting out and the fill escaping and clogging the adjacent deep water necessary for ships to come alongside.

What I regard as necessary is a reliable estimate prepared by a reliable engineering firm, combining the best judgments of such personnel as a very good construction engineer, a shipping expert, and an experienced pier and harbor man, to inspect our wharves, study all data available from Japanese and Navy records, inquire amongst local seamen as to tide, wind, channels, currents, etc., and give us a preliminary set of plans based on a combination of 2 factors: (*a*) the cargo and passenger requirements of the trust territory, and (*b*) insofar as this is regarded important by national defense, the value of good piers in 4 or 5 locations for security purposes in the future.

A survey to be worthwhile must be well done. Borings may be required in places. The job of presenting a sound report, so that every dollar spent will give the best results and not produce structures that won't stand up under our conditions, may cost $100,000.

Such survey should be made at once. It would be an aid also in our efforts to arrive at a sound, most economical surface transportation program. If our permanent construction program for fiscal year 1955 is approved, we shall prepare a recommendation for Department consideration setting forth in detail the kind of report required.

A copy of our proposed permanent construction program is provided herewith. This shows the construction and equipment estimates for the several districts. Of the total, shown as $8½ million (this contrasts with the Navy's previous permanent construction program of over $30 million) only $1½ million (or about 17 percent of the total) is asked for the first year. The reason for this moderate start is twofold: First, we wish more thorough engineering studies to precede the later major harbor improvement work; and second, we can guarantee greater economies of procedure if we go slow during the first construction year, fiscal year 1955.

In commenting on the various permanent improvement items listed for fiscal year 1955, special note is made of the following:

1. Two 3-bedroom family quarters are provided, one each at Yap and Majuro, at $10,000 each. These have concrete floors and roof slab (or Transite roofs when this is available from surplus) with concrete hollow block walls and partitions.
2. Transient lodges are improved at Yap, Ponape, and Majuro. Permanent improvements totaling $55,000 to make these places suitable to handle visiting parties and bachelors.
3. Shops and garages (permanent additions) are provided at Koror, Yap, Ponape, Majuro, and Guam. Total cost, $80,000.
4. Permanent improvements to hospitals and to nurses' and interns' quarters are provided at Koror, Yap, Truk, and Ponape for a total of $155,000.
5. A new powerplant is requested for Majuro, $160,000.
6. A new refrigeration plant is requested for Majuro, $60,000.
7. Thirty thousand dollars worth of new heavy equipment, including trucks, is requested for Yap, Truk, and Majuro.
8. Water system improvements for Truk and Ponape are requested costing $70,000.
9. One-half of the $1½ million first year's permanent construction program is to improve freight storage, handling, receiving, and dispatching in the trust territory. Total requested for these items is $750,000. (As a matter of fact, a full third of all requested permanent improvements in the overall $8½ million is scheduled for freight and cargo items.)

These items for fiscal year 1955 are as follows:

(*a*) Warehouses: Palau (20,000), Yap (20,000), Ponape (20,000)	$60,000
(*b*) POL storage, Palau (60,000), Majuro (60,000)	120,000
(*c*) Cargo handling equipment: Palau (50,000), Yap (25,000), Guam (40,000), Truk (30,000) Ponape (40,000), Majuro (30,000)	215,000
(*d*) Boats and barges: Palau (20,000), Yap (10,000), Truk (10,000), Majuro (20,000)	60,000
(*e*) Channels and harbors: Yap (10,000), Truk (15,000), Ponape (50,000)	75,000
(*f*) Piers and seaplane ramps: Palau (70,000), Yap (40,000), Truk (40,000), Ponape (70,000)	220,000
Total (50 percent of the $1½ million)	750,000

10. Miscellaneous construction, $120,000.

Continuing examination of the program to improve our surface transportation system and do the job more economically, two chief factors are seen: First, the type of vessel used and the frequency of calls; and second, the rate at which these vessels can be turned around, and their cargoes safely and without damage or deterioration handled and stored economically.

The first factor is being carefully studied. It probably will include, among other things, switching from 4 very expensive AKL's to possibly 2 elongated AKL's and auxiliary sailing schooners for the great bulk of our hauling and administrative runs. However this study may turn out, it will in no way alter the needs for the construction requested in fiscal year 1955.

The second factor is something that sound investment in permanent improvements can do something about at once. Our present piers in certain places are going to pieces. We have to do too much tedious and very costly lightering. We cannot work cargo during rains, which are frequent. And every day an AK is delayed due to slow handling of cargo, it costs about $1,100; every day an AKL is so delayed, it costs around $500. Permanent improvements can effect real savings in this area. We have to provide regular and reliable transportation if we wish to continue and to increase copra and other production. Also regular administration calls are necessary.

These things justify permanent improvement of cargo handling procedures and the appropriation requested therefor.

The general objectives of the present High Commissioner, subject to modification at all times by the will of the Congress and direction of the Department of the Interior, may be appropriately stated in connection with this annual request for grants. The main features, very simply stated, include:

1. Recognition of the fact that America needs to hold and occupy the Trust Territory of the Pacific Islands in order to insure the peace and security of the Pacific. No hostile bases or subversive activities can be permitted between our west coast and Asia;

2. Conducting an economical administration dictated by the best interests of America. This includes a program to correct bad conditions caused by war and prolonged foreign inundation, which bad conditions touch the fields of health, welfare, education, economy, and ability to carry on self-sustenance and government;

3. Aiding the Micronesians to develop their own economy and not to lean upon an imported economy or subsidies, and to provide such improved standards of living as they may desire sufficiently to earn and pay for, as they emerge from a stone age culture to more modern ways;

4. Aiding Micronesians to replace Americans as rapidly as practicable and insofar as is compatible with America's retaining control and supervision of the trust territory as a strategic area;

5. Reducing the Federal Government expenditures within the area to such items as may be necessary in the United States program for peace and security in the Pacific. This includes assurance of a peaceable, economically competent people with whom the United States can work and upon whom we can rely for cooperation in preserving the peace of the Pacific.

SOME PERTINENT LEGAL OPINIONS

There are set forth below certain agreements, acts, and regulations under which the Government of the United States, through the Department of the Interior and its duly appointed High Commissioner, now administer the Trust Territory of the Pacific Islands.

Under direction of the Department of the Interior's Order No. 2658 of August 29, 1951, the High Commissioner has prepared and promulgated a Trust Territory

Code (of laws) in conformity with that order which in part states: " * * * the High Commissioner of the Trust Territory shall, insofar as practicable, take steps to conform the interim regulations with the provisions of the draft organic act for the trust territory which has been submitted to the Senate of the 82d Congress with the approval of the President." A copy of this code will be supplied by the Department of the Interior if it is desired.

Legal status of the government of the trust territory

The trusteeship agreement between the United States and the Trusteeship Council of the United Nations provides in general terms for the administration of the trust territory by the United States. It received congressional approval under date of July 18, 1947, by joint resolution (61 Stat. 271). On the same date Executive Order 9875 delegated "the authority and responsibility for the civil administration of the trust territory" to the Secretary of the Navy. Thereafter Executive Order 10265 dated June 29, 1951, vacated that of July 18, 1947, and directed the Secretary of the Interior to "take such action as may be necessary and appropriate and in harmony with applicable law for the administration of civil government in the trust territory and subject to such policies as the President may from time to time prescribe and, when appropriate in collaboration with other departments or agencies of the Government carry out the obligations assumed by the United States as the administering authority of the trust territory under the terms of the Trusteeship Agreement approved by the United States on July 18, 1947, and under the Charter of the United Nations."

Under date of August 29, 1951, the Acting Secretary of the Interior promulgated Department of Interior Order No. 2658 which was published in the Federal Register on September 6, 1951, vol. 16, No. 173. This order provided in part as follows:

SECTION 1. *Purpose.*—The purpose of this order is to delimit the extent and nature of the authority of the Government of the Trust Territory of the Pacific Islands (hereinafter called the trust territory), as it will be exercised under the jurisdiction of the Secretary of the Interior pursuant to Executive Order No. 10265 of June 29, 1951, pending enactment of organic legislation by the Congress, and to prescribe the manner in which the relationships of the government of the trust territory with the Congress, with the Department of the Interior and other Federal agencies, and with foreign governments and international bodies shall be established and maintained.

"SEC. 2. *Interim regulations.*—The interim regulations of the trust territory in effect on July 1, 1951, and the procedure for issuing and amending such regulations shall remain in effect until changed by competent authority: *Provided however*, That the authority formerly exercised by the Secretary of the Navy or his designated representative shall be exercised by the Secretary of the Interior or his designated representative: *And provided further*, That the High Commissioner of the trust territory shall, insofar as practicable, take steps to conform the interim regulations with the provisions of the draft organic act for the trust territory which has been submitted to the Senate of the 82d Congress with the approval of the President.

"SEC. 3. *Executive authority.*—(*a*) The executive authority of the government of the trust territory, and the responsibility for carrying out the international obligations undertaken by the United States with respect to the trust territory, shall be vested in the High Commissioner of the trust territory and other officials appointed pursuant to law, and shall be exercised and discharged under the supervision of the Secretary of the Interior.

"SEC. 4. *Judicial authority.*—(*a*) The judicial authority shall be independent of the executive and legislative powers. Budgetary requests for the territorial judiciary, with supporting justification, should be drawn up by the chief justice of the trust territory and submitted for the approval of the Department of the Interior by the High Commissioner of the trust territory as a separate item in the annual budget for the trust territory. The High Commissioner should call the attention of the Department to any question which he may have regarding the budget for the judiciary. Regulations bearing on the organization or operation of the judiciary, shall be submitted to the Secretary of the Interior for approval prior to issuance.

"(*b*) The Solicitor of the Department of the Interior is authorized to exercise all the power of the Secretary of the Interior respecting decisions of the territorial judiciary."

The legality of all executive, legislative, and judicial functions performed within the trust territory since July 18, 1947, must stand or fall on the provisions contained in and the authority for the above and foregoing Trusteeship Agreement,

the joint resolution of Congress, the several Presidential Executive orders, Department of Interior Order 2658 and the several acts of Congress referred to below.

Congress approved the Trusteeship Agreement and thus created an obligation on the part of the United States to administer the trust territory in accordance with such agreement and the applicable sections of the United Nations Charter. It did not, however, as provided in article 12 of such agreement specifically "enact such legislation as may be necessary to place the provisions of this agreement in effect in the trust territory." On the other hand, it has specifically approved and ordered grants of public money for administration of the trust territory, the maintenance of the Office of the High Commissioner, and the functioning of the judiciary for each fiscal year beginning in 1952. Public Law 470, 82d Congress provided that "$5,493,750 shall be for expenses necessary for the administration of the Trust Territory of the Pacific Islands pursuant to the Trusteeship Agreement approved by Public Law 204, 80th Congress, including the expenses of the High Commissioner of the Trust Territory of the Pacific Islands; compensation and expenses of the judiciary of the Trust Territory of the Pacific Islands. * * *" Similar language with the exception of the amount of money allowed is contained in Public Law 172, 83d Congress. Furthermore the joint resolution of Congress approved August 8, 1953, Public Law 229, 83d Congress, provides that:

"Until June 30, 1954, all executive, legislative, and judicial authority necessary for the civil administration of the trust territory shall continue to be vested in such person or persons and shall be exercised in such manner and through such agencies except as the President of the United States may direct otherwise."

It is therefore clear that the Congress being cognizant of the system of administration being employed in the trust territory and the various orders and delegations of authority by which it was being accomplished has effectively enacted legislation to put the terms of the Trusteeship Agreement in effect in the Trust Territory of the Pacific Islands pursuant to the Trusteeship Agreement." By the same reasoning it has also ratified, approved and authorized the current system of Government in the trust territory. Since article 3 of the Trusteeship Agreement gives the United States "full powers of administration, legislation, and jurisdiction over the territory" it follows that the government of the trust territory by authority of the Congress has been endowed with all the attributes of government limited only by the terms of the Trusteeship Agreement and the several acts of Congress referred to above. Consequently, it is de jure and not de facto.

Organic legislation may and probably should further define its prerogatives. Absence of organic legislation, however, can in no way affect the legality of the present trust territory government or any laws, regulations, or orders promulgated by it.

Mr. MIDKIFF. If I may I shall comment on that, as the chairman has suggested. We should be pleased to have questions asked.

Mr. JENSEN. Go ahead.

BUDGET SUMMARY

Mr. MIDKIFF. The operation budget calls for $4,325,000, as against $4,300,000 last year. To this we are asking that $1,500,000 be added for permanent improvements. We feel that the permanent improvement program should be begun without further delay. No funds have been granted for this heretofore. As the chairman will recall, and others who have been out there, the existing structures are quonset huts and temporary high-speed occupation equipment put in there immediately after the islands were taken from the Japanese.

Mr. JENSEN. You mean for refrigeration?

Mr. MIDKIFF. Yes, sir; refrigeration and power equipment. During the past year it has been a rather difficult thing to operate under the severe reduction of the budget and we have had to learn how to make savings and to reduce the program here and there and effect economies in order to stay within the budget. I would have to state that the maintenance has not been kept up as well as we should like to keep it up. This necessarily has been so, but I feel that on the

whole I have no objection to the limitations placed upon our budget last year. We have learned many lessons by having to economize and we have therefore not requested any additional amount except $25,000 primarily to care for normal salary increases in the operation budget.

EMPLOYMENT OF MICRONESIANS

Mr. JENSEN. We were told when we were in the islands and also we have been told by the officials in charge of the trust islands who appeared before the committee, ever since the trust islands were turned over to the United States, that it was the purpose of the High Commissioner to teach the natives the different kinds of jobs that the administration officials of the United States are now doing in the trust islands, and as soon as they were capable of taking over, offices would be eliminated. Has that taken place?

Mr. MIDKIFF. Yes, sir. Many Micronesians have replaced Americans during the past few months. The total reduction in American personnel since March 15, 1953, has been from 289 to 227, which is a drop of 62 in American personnel. Several of these posts are now filled by Micronesians. Other jobs have been abolished due to budget cuts.

Mr. JENSEN. Those are the people working in the trust islands?

Mr. MIDKIFF. Yes, sir; Americans in the trust islands.

Mr. JENSEN. How about your office in Honolulu?

Mr. MIDKIFF. There has been a drop from 43 to 29 in that office in Honolulu.

Mr. JENSEN. Over the past year?

Mr. MIDKIFF. Yes, sir. I have for entry into the record if I may, Mr. Chairman, names of personnel and their positions that have been filled during the past 10 months by Micronesians who have replaced Americans.

Mr. JENSEN. How many?

Mr. MIDKIFF. It is rather substantial. Twenty in all.

Mr. JENSEN. You can furnish that for the record.

(The information follows:)

POSITIONS IN WHICH MICRONESIANS HAVE REPLACED AMERICANS SINCE MARCH 13, 1953:

MAJURO

1. Clerk-typist, island affairs (vice M. Fay)
2. Dentist, public health (vice Jaffe)
3. Sanitation inspector, public health (vice Mosher)
4. Carpenter foreman, public works (vice Tubb)
5. Diesel mechanic, foreman, public works (vice Grimmit)
6. Clerk-typist, administration (vice Tharp)

PONAPE

7. Dentist, public health (vice Chang)
8. Sanitation inspector, public health (vice Redmond)
9. Foreman, public works (boat pool), public works (vice Hawley)
10. Head nurse, public health (vice Cox)
11. Clerk-typist, public works (vice Roles)

TRUK

12. Dentist, public health
13. Sanitation inspector, public health (vice Gardella)
14. Carpenter foreman, public works (vice Yamada)

POSITIONS IN WHICH MICRONESIANS HAVE REPLACED AMERICANS SINCE MARCH 13 1953:—Continued

YAP

15. Clerk-typist, public health (vice Raynore)

KOROR

16. Clerk-stenographer, education (vice Beardsley)
17. Dentist, public health (vice Chang)
18. Sanitation inspector, public health (vice Nakama)
19. Head nurse, public health (vice Higa)

INTERDISTRICT

20. Dr. Isaac Lanwi, eye surgeon, has qualified himself to do work beyond the competence of existing American physicians and thus he is another Micronesian who is doing necessary health work for which a specialist was indicated.

NOTE.—A definite policy of training Micronesians to replace Americans on all practicable positions is in effect. A course of training has been prepared in first draft and is being reduced to more practical proportions for use "on the job" in the various districts.

SETTLEMENT OF LAND CLAIMS

Mr. JENSEN. What is the situation as regards giving that land back to the original owners, getting the title brought up to date and cleared and back in the hands of the original owners?

Mr. MIDKIFF. Settling the land claims has been one of our chief activities during the past year. We have done a great deal of surveying and locating the boundaries, definitely, using native testimony, and getting the natives back on to the land as homesteaders. We have resettled the people, all of them, so far as I know. I don't think there is a single native now who does not have land to live on and work on.

Mr. JENSEN. It may not be his original farm but he does have land if he wants to farm?

Mr. MIDKIFF. Yes, sir.

Mr. JENSEN. Land is allotted to him and he can farm?

Mr. MIDKIFF. Yes, sir. Our policy is that if he will work that land for 5 years satisfactorily, the homestead becomes his in fee out of the so-called present public domain.

Mr. JENSEN. That is also true of town property?

Mr. MIDKIFF. We have not set any town property aside for homesteaders yet. We have tried to assist the natives to readjust themselves on to the pieces of property that are within the district centers and very definite progress has been made on possibly as many as 100 tough cases on which there was disputed ownership in city property. But getting those things surveyed and carefully recorded, hearing the testimony before the courts, is a very tedious process. We are trying to do it fairly in each case.

The property that we took over from the Japanese which the Japanese had acquired by what they called eminent domain, if it is in the city we are extremely careful to make sure that we do not need it for public uses in the first place, a definite amount of it, and second, that we get it back into the rightful owners' hands. The counterclaims are frequent and it is being steadily worked out. I think the

Micronesian people are confident that we are working the thing out satisfactorily although rather gradually.

Mr. JENSEN. How much is in this budget to build homes for our employees?

Mr. MIDKIFF. In this year's budget we have only $20,000 to build two 3-bedroom homes for our employees.

PERMANENT LOCATION OF THE HIGH COMMISSIONER'S HEADQUARTERS

Mr. JENSEN. Where do you propose to establish the High Commissioner's permanent headquarters?

Mr. MIDKIFF. No decision has been made about that, Mr. Chairman. The past Administration had it located on the island of Dublon, in the Truk Atoll. There has been a great deal of thinking on the subject of what would be the best place, which one of the district centers, whether Truk is better than Ponape, for example, or whether it would be better to go to Guam or stay at Hololulu, or what. No decision really has been made on that subject yet. As to requesting funds for the purpose, although it is included in our $8,500,000 program, a copy of which I should like to submit for the record if I may——

Mr. JENSEN. Without objection.

(The matter referred to follows:)

Permanent construction program summary, by item and by fiscal year

Buildings, new construction	1955		1956		1957		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
3-bedroom family quarters	2	$20,000	38	$380,000	27	$270,000	67	$670,000
1-bedroom duplex apartments			36	270,000	32	240,000	68	510,000
Transient lodges	1⅛	55,000	1⅛	35,000	1	90,000	4	180,000
Hospitals:								
General					1	160,000	1	160,000
Leprosaria			2	300,000			2	300,000
Mental ward			1	50,000			1	50,000
Nurse and intern quarters	3	60,000			1	30,000	4	90,000
Micronesian employee houses			25	75,000	65	195,000	90	270,000
Administration buildings			⅔	100,000	2⅓	100,000	3	200,000
Pacific Islands central school			1	180,000			1	180,000
Constabulary stations					5	55,000	5	55,000
Warehouses	3	60,000	5	100,000	3	55,000	11	215,000
Shops and garages	5	80,000	7	150,000	11	212,000	23	442,000
Subtotal		275,000		1,640,000		1,407,000		3,322,000
Building rehabilitation and additions:								
Pacific Islands central school		10,000						10,000
Family quarters		20,000				30,000		50,000
Transient lodges						10,000		10,000
Administration buildings				10,000		50,000		60,000
Hospitals and tuberculosis sanitaria		95,000		10,000		120,000		225,000
Subtotal		125,000		20,000		210,000		355,000
Facilities and equipment, new construction or purchase:								
Powerplants		160,000						160,000
Refrigeration plants		60,000		80,000		40,000		180,000
Communications (radio and telegraph)				20,000				20,000
P. O. L. storage		120,000		60,000		60,000		240,000
Cargo-handling equipment		215,000		100,000		10,000		325,000
Heavy equipment including trucks		30,000		95,000		253,000		378,000
Subtotal		585,000		355,000		363,000		1,303,000

Permanent construction program summary, by item and by fiscal year—Continued

Buildings, new construction	1955		1956		1957		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Rehabilitation:								
Powerplants and transmission lines				$85,000		$10,000		$95,000
Refrigeration plants						20,000		20,000
Communications (radio and telegraph)						15,000		15,000
P. O. L. storage				15,000		10,000		25,000
Water systems		$70,000		300,000		35,000		405,000
Sewage systems		16,000		116,000		143,000		275,000
Streets, roads, and airstrips		74,000		66,000		205,000		345,000
Heavy equipment				93,000		77,000		170,000
Boats and barges		60,000		60,000				120,000
Channels and harbors		75,000		20,000		5,000		100,000
Piers and seaplane ramps		220,000		730,000				950,000
Additional harbor improvements				1,000,000				1,000,000
Subtotal		515,000		2,485,000		520,000		3,520,000
Total		1,500,000		4,500,000		2,500,000		8,500,000

Mr. MIDKIFF. The decision as to where it should go has not yet been made and no funds have been requested for that project this year.

Mr. JENSEN. So there is no money requested in this budget for the building of the High Commissioner's headquarters?

Mr. MIDKIFF. That is right. At present we are getting on very comfortably in the old Wave barracks at Fort Ruger in Honolulu. They were provided to us free of charge.

HEALTH PROGRAM IN THE ISLANDS

Mr. JENSEN. How is your health condition in the islands now compared to what it was when the United States took over?

Mr. MIDKIFF. I think it is somewhat better. Very fortunately tuberculosis has been found to yield to drug treatment and the same is true of leprosy. So we have been taking the most active cases and bringing them into the hospitals as fast as practicable and giving them drug treatment and arresting the cases. We have not yet the space or the setup to diagnose and to bring in all the cases. That is one of our problems, to catch them early and then have hospital space so that we can bring them in.

Mr. JENSEN. How many doctors do we have now in the islands?

Mr. MIDKIFF. We have 8 and 1 dentist.

Mr. JENSEN. How many nurses?

Mr. MIDKIFF. We usually have one American nurse in the hospital at each district center, a teacher.

Mr. JENSEN. And she teaches the natives?

Mr. MIDKIFF. Yes, sir.

Mr. JENSEN. How many natives are now being taught the methods that are being employed to handle the different diseases?

Mr. MIDKIFF. We have a nurses' training program which consists of bringing girls in, who are specially selected, to a central nurses' training school at Truk, conducted by Miss Ruth Ingram. That is working very well. Then we send these trained girls back to the hospitals where they are under the care and observation of a doctor

and American nurses and continue in training. There are about 20 girls in the central Truk training school at the present time and I should think there are about 4, an average of 4 Micronesian girls learning the training in each of the district hospitals right along.

Mr. JENSEN. Then you have some boys also employed?

Mr. MIDKIFF. For the boys we have thorough courses of training for what is called native medical practitioners, medical aides, and sanitarians.

Mr. JENSEN. How much do they receive in wages?

Mr. MIDKIFF. It is a small amount. If I may I would like to enter that in the record because I have all of that.

Mr. JENSEN. You may do that.

Mr. MIDKIFF. It is relatively small.

Mr. JENSEN. I know it is. I think it is being handled very well. We were quite impressed with the system that was in effect when we were there so far as the health problems were concerned.

(The matter referred to follows:)

Salary range of Micronesian employees in department of public health

Health aid	$665 to $873.
Medical intern	$1,165 to $1,456.
Medical practitioner	$1, 851 to $2,246.

Mr. MIDKIFF. I think the chairman and members of the committee would be interested in two native medical practitioners especially. One is Dr. Izaak Lanwi, a native medical practitioner, who was given a year of special training at Hilo Hospital and he became an eye surgeon and has gone back and has performed, at one time, on his first tour throughout the district hospitals, 29 successful cataract operations. Then we have others undergoing special training.

I recall Dr. McDonald at Ponape showing us the ankle of a man that had been badly lacerated by a barracuda. The doctor was away on a field trip and this native practitioner took this man and sewed his tendons together and secured them, then secured the shields of the tendons, and got the flesh back, cleaned it up and put a skin graft on it and the man is walking now. That illustrates what happens to those people when they are given adequate training and opportunity. You were speaking of the competency of these boys. I rate the intelligence and native ability of the Micronesians as very high.

EDUCATIONAL PROGRAM

Mr. JENSEN. How many teachers do you have there now?

Mr. MIDKIFF. We have altogether in education throughout the whole program 30 American teachers or educators. Twenty-four are in the districts of whom five are teacher-agriculturists and five are at Truk in (PICS) the Pacific Islands Central School. One is in Honolulu as director of education for the trust territory as a whole. He is going to be moved out to the trust territory, the forward area with headquarters in Truk right now.

TRANSPORTATION PROBLEM

Mr. JENSEN. Is the transportation, the water transportation better than it was 2 years ago, to the islands from Honolulu?

Mr. MIDKIFF. It is just about the same, Mr. Chairman, as it was 2 years ago. Our trust territory—Guam-Japan run has been improved by one AK (CI–MA–VI). We had at the time you were there the AK *Chicot* and now we have the *Chicot* and *Gunner's Knot*. They are two 5,000-ton freighters. The addition of the *Gunner's Knot* was justified by the fact that we needed more frequent calls and also by the fact that we have a considerable amount of scrap to pick up and haul to Japan.

Mr. JENSEN. I was thinking more especially of the food problem which you were having down there at the time we were there, since you were not landing at regular intervals and the intervals were very far apart. Because of the poor refrigeration on every island, it was really a bad situation; much food was spoiled and it was a wasteful program.

Mr. MIDKIFF. Yes. We have made very definite improvements in two refrigerating plants. The subject of getting food out to the districts on time and in better condition is very greatly improved.

Mr. JENSEN. We will insert pages 43 through 47 of the justification of the record showing your total program by areas and activities and a summary of your construction program.

(The matter referred to follows:)

The total cost of the Government of the Trust Territory of the Pacific Islands for the fiscal year 1955 is estimated at $7,132,500. An appropriation of $5,825,000 is requested of which $4,325,000 is to cover estimated operating costs and the balance, $1,500,000 is requested for construction. The appropriation of Federal funds is required to supplement the anticipated local revenues of $1,307,500 which are wholly inadequate to finance governmental operations. The estimated obligations, including the High Commissioner's Office and the judiciary, are distributed as follows:

District	Operating costs	Construction	Total
Rota	$74,509		$74,509
Palau (Koror)	449,590	$295,000	744,590
Yap	298,159	225,000	523,159
Truk	496,519	220,000	716,519
Ponape	484,381	305,000	789,381
Marshalls	435,602	390,000	825,602
Headquarters, field	3,043,867		3,043,867
Guam		65,000	65,000
Central administration	234,873		234,873
High Commissioner's Office	59,000		59,000
Judiciary	56,000		56,000
Total cost of government	5,632,500	1,500,000	7,132,500
Less estimated local revenues	1,307,500		1,307,500
Total appropriation requested	4,325,000	1,500,000	5,825,000

Congress appropriated $5,223,750 in the fiscal year 1953, and $4,300,000 in 1954 for the administration and operation of the trust territory, including the expenses of the High Commissioner's Office and the judiciary. These funds permitted the conduct of programs affecting political and economic affairs, public health, education, and public works, in addition to the administrative, legal personnel, and finance activities. The funds requested for 1955 will permit a continuation of these activities, and will also provide for a construction and replacement program.

(a) High Commissioner's Office

Subactivity	Appropriation 1954	Decreases	Subtotal	Estimate 1955	Increases
Personal services	$46,308		$46,308	$47,445	$1,137
Travel	6,168		6,168	6,200	32
Transportation of things	2,100	$1,000	1,100	1,100	
Communication services	1,500		1,500	1,500	
Rents and utility services	200		200	200	
Printing and reproduction	448		448	450	2
Other contractual services	400		400	400	
Supplies and materials	676		676	905	229
Equipment	1,200	400	800	800	
Total	59,000	1,400	57,600	59,000	1,400

Based on experience of the past 2 years it is believed that $59,000 is the minimum amount required for efficient operation of the High Commissioner's Office. This is the same amount appropriated for the fiscal year 1954.

(b) Judiciary

Subactivity	Appropriation, 1954	Decreases	Subtotal	Estimate, 1955	Increases
Personal services	$48,682		$48,682	$50,011	$1,329
Travel	4,100		4,100	5,000	900
Transportation of things	500	$400	100	100	
Communication services	500	500			
Other contractual services	1,000	845	155	155	
Supplies and materials	400	166	234	234	
Equipment	818	318	500	500	
Total	56,000	2,229	53,771	56,000	2,229

The estimate of $56,000 for this activity is the same as the amount appropriated for fiscal year 1954. Experience in the past 2 years has indicated that this is the minimum amount required for efficient administration within the judicial structure of the trust territory.

(c) Grants

A Federal appropriation of $5,710,000 is estimated to be required for the trust territory in the fiscal year 1955 to supplement local revenues. These funds will permit a continuation of the programs affecting political and economic affairs, public health, education, and public works, and will also provide for the beginning of a construction and replacement program.

The following statements explain in detail the need for the funds requested and their application to the various districts which comprise the trust territory.

Statement showing distribution of revenues to related obligations by activities for fiscal year 1955

Activity	1955 estimate	1955 estimated revenues	Appropriation required 1955
Public health	$666,689	$22,000	$644,689
Education	384,612		384,612
Economic and political development	468,523	[1] 195,000	273,523
Legal and public safety	125,149		125,149
Operation and maintenance of physical plant	1,220,580	89,000	1,131,580
Radio communication system	90,952	22,000	68,952
Transportation services	1,400,000	979,500	420,500
General administration	1,160,995		1,160,995
Total, operating cost	5,517,500	1,307,500	4,210,000
Construction			1,500,000
Total grants			5,710,000

[1] General revenue not applicable to any specific department or activity.

STATUS OF VARIOUS TRUST TERRITORY FUNDS

Mr. JENSEN. Please explain the trust, revolving and other funds established by the trust territory office? Who manages the funds? Do they get paid for it? Are the operations audited? And by what authority, legislative or otherwise, do they continue to operate?

Mr. MIDKIFF. We have a copra stabilization fund which is carried on for the purpose of equalizing the income to the producers. That is built up by withholding a portion of the market price from the producer in high sales times and is made available to the producer when the market price drops down.

Last year, toward the end of last year, the copra stabilization fund disappeared by having to be doled out to keep that average price up. It is now being built up again.

That was one big fund and that is managed by the Copra Stabilization Board and no one is paid for the service. The Board is made up of the officials of the regular staff. It would be advisable to insert a chart showing the average price——

Mr. JENSEN. We cannot put a chart in. Will you furnish the information that I have asked for in statistical terms, for the record?

Mr. MIDKIFF. We can do that.

Mr. JENSEN. Is there anything else that you would like to mention now?

Mr. MIDKIFF. Further detail, in answer to that question, I will insert in the record.

Mr. JENSEN. Put a statement in the record on each fund and by what authority, legislative or otherwise, do they continue to operate.

(The matter referred to follows:)

SUPPLEMENTAL STATEMENTS

The following statements covering the copra stabilization, Anguar mining, economic development, and native travel funds are included in order to present a complete picture of all trust territory government activities. The nature of these trust, revolving and other special funds and the manner in which they were established are such that it would be inappropriate for them to be included in the regular operating budget of the territory.

Until such time as organic legislation has been approved by the Congress, it is believed that authority for the operation of these special funds is contained in Executive Order No. 10265 and joint resolution of Congress, approved August 8, 1953, under Public Law 229, 83d Congress. These and other pertinent legal opinions are contained in the statement of the High Commissioner.

Trust Territory of the Pacific Islands

Statement of copra stabilization fund, June 30, 1953

BALANCE SHEET

Assets:		
Cash on deposit, Bank of Hawaii		$5, 221. 68
Investments (U. S. Treasury bills due Aug. 13, 1953)		178, 966. 80
Total assets		184, 188. 48
Liabilities and net worth:		
Net worth June 30, 1952		237, 668. 81
Increases:		
Interest	$754. 75	
Contribution by Island Trading Co. for copra price support	50, 000. 00	
Price-support settlement with Island Trading Co.	183, 924. 92	
Total	234, 679. 67	
Decreases:		
Price support settlement with Island Trading Co.:		
Quarter ended June 30, 1952	251, 159. 00	
Quarter ended Sept. 30, 1952	37, 000. 00	
	288, 159. 00	
		−53, 479. 33
Total net worth, June 30, 1953		184, 188. 48

Copra Stabilization Fund

PURPOSE AND JUSTIFICATION

The price of copra in world markets fluctuates frequently and over a wide range. Most of the costs of collecting the copra in the islands and delivering it to market do not fluctuate with changes in the market price. Such items as freight, port charges, bags, warehousing, and supervisory costs remain at the same level per ton regardless of the market price. This means that when a reduction in the market price occurs practically the full amount of such reduction comes out of the funds available to pay the producer for his copra. A 50-percent drop in the market price can hence mean a 70-percent drop or more at the producer level.

Copra affords the main source of dollar income for the people of the trust territory. The next most valuable crop provides less than 10 percent as much income as copra. This situation means that the incomes of the people are subject to violent fluctuations if payments to copra producers are tied to the ups and downs of the world market. Alternating periods of feast and famine prevent the growth of steady work habits and desirable consumption patterns and deter the development of stable business in other lines in the islands. The copra-stabilization fund is used to mitigate the drastic changes in the world price of copra and to provide greater stability of income in order that these undesirable effects can be avoided.

The copra stabilization program operates through the maintenance of an official buying price for copra at the various collection points. When world prices are high and the copra is sold for more money than is necessary to pay the official price plus marketing costs the excess money is put into the copra stabilization fund. When world prices are low and insufficient revenue is derived to cover the official price plus marketing costs the deficit is made up by payments out of the copra stabilization fund. No attempt is made to hold the official price absolutely constant. During the major upswings of the market part of the higher price is passed along to the producer. Similarly during major

downswings the official price is lowered so that the producer bears part of the decline. However, changes are infrequent and are held within tolerable bounds which do not disrupt the island economy. Since the stabilization program has been in operation there has been a difference of $210 per short ton between the highest price received in the world market for trust territory copra and the lowest price received. The official buying price in the islands has varied only over a $60 range in this time, which indicates the degree of stabilization accomplished.

This is not a price-support program. It does not use funds from United States Government sources. It is self-financed through withholding proceeds of copra sales in good times for distribution in bad times.

Statement of Angaur Mining Trust Fund, June 30, 1953

BALANCE SHEET

Assets:		
Cash on deposit, Bishop National Bank		$34,819.24
Accounts receivable, Phosphate Mining Co		4,630.90
Advance deposit for ground water survey:		
Expended (recoverable from Phosphate Mining Co.)	$10,287.21	
Unexpended	1,182.79	
		11,470.00
Investments (obligations of U. S. Government)		726,956.57
Total assets		777,876.71
Liabilities and net worth:		
Net worth, June 30, 1952		624,917.23
Increases:		
Severance fees	140,309.61	
Interest	19,946.86	
Profit on exchange of bonds	8,094.11	
Total	168,350.58	
Decreases:		
Commission on security purchases	377.19	
Postage and insurance	11.36	
Cable charges	2.40	
Bank charges on checks	.15	
Annual distribution to beneficiaries	15,000.00	
	15,391.10	
		152,959.48
Total net worth, June 30, 1953		777,876.71

ANGAUR MINING TRUST FUND

This fund was established pursuant to an agreement of December 1949, between the people of Angaur Island, representatives of SCAP, and representatives of the High Commissioner for the mining of phosphate rock on Angaur. With the termination of SCAP a new agreement for continuation of the mining was concluded by the High Commissioner.

The trust fund is augmented by the payment of a severance fee for each ton of phosphate ore removed from Angaur. The income of the fund is, by agreement, to be paid, during the lifetime of the permanent residents of Angaur at the time of the agreement, partially to the clans who own the land where the phosphate ore is mined and partly to the municipality of Angaur for distribution to the clans owning no phosphate-mining land and for municipal operations.

Statement of estimated revenues and expenditures, Economic Development, Conservation, and Welfare Fund

	Actual fiscal year 1953	Estimated fiscal year 1954	Estimated fiscal year 1955
Balances Jul. 1	$107,867.76	$147,811	$87,811
Revenues provided:			
Funds transferred from Island Trading Company	67,469.37		
Scrap sales	87,480.32	50,000	50,000
Sales of Government property	3,371.19		
Phosphate processing tax	32,233.61	25,000	20,000
Contribution by South Pacific Commission	8,250.00		
Totals	306,672.25	222,811	157,811
Funds applied:			
Marianas cattle introduction project	41,355.94		
Beetle control program	7,997.93	8,000	8,000
Poultry project	165.11		
Cacao development	32,860.41	35,000	35,000
Coffee development	4,132.15		
Metalanim Plantation	21,047.18	25,000	25,000
Agricultural products introduction and experiment stations		25,000	25,000
Disaster relief	4,728.78		
Palau Welfare Center	9,445.30		
Salvage inspection projects	6,540.68		
Tree-crop experiments			
Animal introduction	587.50		
Hydrological investigations		10,000	10,000
Land rehabilitation		12,000	12,000
Other projects		20,000	20,000
Transferred to other projects	30,000.00		
Totals	158,860.98	135,000	135,000
Balances at end of fiscal years	147,811.27	87,811	22,811

PURPOSE AND JUSTIFICATION

The purpose of establishing and maintaining this fund is to provide a source of funds for the promotion of economic development programs and to carry on conservation and general welfare functions which are not otherwise provided for in the budget. The fund is administered by the economic development, conservation, and welfare fund through its committees.

The Economic Development Committee of the Board studies problems pertinent to the development of the economy of the trust territory and plans programs and projects to promote the economic advancement and self-sufficiency of the inhabitants. The committee is reponsible for the technical administration, operation and management of approved projects.

The fund was accumulated from moneys earmarked for conservation purposes derived from Angaur phosphate operations and from money transferred from Island Trading Company for the continuation of projects which had been established by that Company. The moneys later going into the fund will come from levies against operations which deplete natural resources and from income from economic development projects.

Statement of native travel fund June 30, 1953

BALANCE SHEET

Assets:		
Cash on deposit, Bishop National Bank		$669.34
Total assets		669.34
Liabilities and capital:		
Escrow deposits:		
Deposited by Jake Harshbarger for the return of Felix Ramarui to the trust territory	$400.00	
Deposited by Jacinto B. Anical for the return of Luele L. Anical from the Marshall Islands to Honolulu, Hawaii	262.00	
		662.00
Interest earned on deposits		7.34
Total liabilities		669.34

Mr. JENSEN. Do you have anything else, Mr. Commissioner?

Possibly Mr. McConnell would have some comments.

Mr. MCCONNELL. I do not think I have any comments.

Mr. JENSEN. Mr. Strand, do you have any comments?

Mr. STRAND. I would like to say that we are very grateful for the opportunity we have had before the committee to explain all the details of our vast operation.

COST OF GENERAL ADMINISTRATION

Mr. BUDGE. Mr. Chairman, I would like to have one item clarified here. I note that although some progress has been made in deep freezing the item of general administration, in comparison with the overall budget, is it still necessary that $1,161,000, approximately, is spent on general administration out of a total budget of $7 million?

Mr. MIDKIFF. Would you give me the page?

Mr. BUDGE. Page 181 of the budget.

You have the item of total cost of government estimated for 1955 as $7,017,400. Under "E" above that you have the general administration item of $1,160,995.

Mr. MIDKIFF. The details of that I should be very glad to put in because I think when they are shown it will not appear to be anything very serious. We have five district centers, of course. The area in which the islands of the trust territory lie is larger than the area of the United States. The several administrative districts are grouped by islands and different ethnic groups. It requires a district administrator with suitable staff to run this area here and another one there and another one there and so forth. The districts and their administrative centers are separated by vast stretches of ocean water.

Mr. BUDGE. If that is true why do you have to allocate over $3 million to the headquarters for operating costs?

When you approach it by the area, your district items by area, also appearing in the tabulation on page 181, it shows over $3 million out of a total of $5,500,000 for operating costs being spent in the headquarters.

Does that mean all the headquarters offices or just what does it mean?

Mr. MIDKIFF. The biggest item in that is $1,400,000 for transportation.

This includes approximately $400,000 also for air transportation. Of course it is understood that this is before any of the revenues are deducted. Those are gross costs. We have substantial local revenues to subtract from that.

Mr. BUDGE. A moment ago you were telling me that your general administration costs were what appears to be extremely high because it was so scattered. Now you have your biggest item in here in one area. I wish you would submit a statement on that for the record to clear it up.

Mr. MIDKIFF. I would like very much to. I had not seen the specific grouping or segregation of accounts as shown in this table before. I would like very much to analyze it.

(The matter referred to follows:)

The item of $1,160,995 for "General administration" shown on page 181 in the "By function" statement covers the following administrative costs:

District administration (5 districts)	$288,200
Field headquarters (Guam and interdistrict)	184,067
Headquarters (Honolulu)	168,728
Trust territory cargoes between Guam and districts	300,000
Personnel recruitment, including transportation	220,000
Total	1,160,995

The item of $3,043,867 for "Headquarters (field)" shown on page 181 in the "By district" statement covers expenses incurred in the Guam office and all interdistrict expenses not allocable to the five districts or to central headquarters.

This statement is intended to show expenditures by location rather than reflect expense by function.

These expenditures are:

Public health	$276,742
Education	63,683
Economic and political development	284,577
Legal and public safety	30,108
Public works	244,470
Radio communication system	40,220
Transportation services	1,400,000
General administration	704,067
Total	3,043,867

INCREASE IN AVERAGE SALARIES

Mr. BUDGE. One more question, Mr. Chairman. I note that the average salaries are increasing again this year. We are up to grade GS–11–8 in the total number of permanent positions that are shown on page 179, which apparently are not all of the positions.

I would like to have furnished for the record an across-the-board salary and rate tabulation of the Americans working in the trust territories.

Mr. MIDKIFF. We have a bibliography showing the rating of each person throughout, each American, which may answer your question.

Mr. BUDGE. This apparently does not include all your positions. All I want is the same information but including all Americans working in the trust islands.

Mr. MIDKIFF. I shall be very glad to submit that information for you. I think I have it right here but I will check it.

(The matter referred to follows:)

It should be noted that the total number of permanent positions given in that table include only 4 positions in the Office of the High Commissioner and 20 positions in the judiciary. Furthermore, the average grade of 11.8 is only applicable to 7 of the total positions, 1 position is ungraded and the other 16, including the 4 full-time equivalents, are held by Micronesians with an average annual salary of $886.

With respect to the other civil-service employees who are paid from grant funds, the following data are pertinent:

	1953	1954	1955
Total number of permanent positions	350	274	229
Average salary	$4,990	$5,127	$5,270
Average grade	7.9	8.2	8.3

Mr. KIRWAN. What is the size of the trust islands in comparison to the United States?

Mr. MIDKIFF. It is somewhat longer.

From Mili Island, the most easterly island, clear over to Tobi, the most westerly, it is a little over 3,000 sea miles. It is a little over 1,100 sea miles from the north to the south. That gives an area of over 3 million square miles.

Mr. KIRWAN. What is the population?

Mr. MIDKIFF. It is about 52,000 if we take out Saipan and Tinian which are now under the Navy. We have 57,000 including Saipan and Tinian which 2 islands still are trust territory but temporarily under the Navy for administration for strategic purposes.

Mr. JENSEN. It is good to have you here. We thank you for the information that you have given us so ably and willingly. We will see you again next year if not before.

LIST OF WITNESSES

	Page
Aandahl, F. G	73, 95, 127
Allen, T. J	367
Arnold, W. A	607
Ash, S. H	249
Bailey, Kenfield	249
Bartlett, K. A	607
Beasley, D. O	1
Bradley, W. H	437
Caemmerer, H. P	197
Carmody, Jack	488
Davis, C. A	1
Davis, Raymond	1
Day, A. M	201
deCastro, M. F	607
Duncan, H. J	437
Edwards, A. M	607
Emmons, G. L	488
Falck, Depue	152
Farley, J. L	201
Finley, D. E	197
Fitzgerald, Gerald	437
Flory, E. L	488
Forbes, J. J	249
Foster, D. C	488
Gartside, F. T	267
Ghiglione, A. F	607
Gifford, Selene	488
Greenwood, W. B	488
Harper, A. G	488
Harrington, E. G	152
Heintzleman, Frank	607
Horning, W. H	152
Jenkins, D. S	73
Kalbaugh, F. E	1, 607
LaFortune, J. A	57
Lansi, A. T	607
Leavy, C. W	127
Lee, R. F	367
Lewis, Hon. Orme	1, 152, 201, 367, 488, 607
Lineweaver, G. W	73
Marx, L. M	607
McCabe, L. C	249
McConnell, J. A	607
McKay, Hon. Douglas	1
Midkiff, F. E	607
Miller, T. H	249
Montgomery, Col. G. H	57
Mowitt, G. J	437
Neilson, K. P	367
Nucker, D. H	607
Paulsen, C. G	437
Pearl, Dr. W. A	1
Pierson, R. K	152
Rogers, George	607
Shaw, J. R	488
Sloman, H. J	249
Smyth, L. G	1
Stewart, H. A	50, 57
Strand, W. C	607

	Page
Strobel, J. H	73
Suomela, A. J	201
Swanson, E. B	50
Thomson, Elwood	249
Tolson, H. A	367
Tudor, Hon. R. A	1
Utz, E. J	488
Westfield, James	249
Wigglesworth, T. H	127
Wirth, C. L	367
Woozley, Edward	152
Wormser, Hon. F. E	1, 50, 249, 437
Wrather, W. E	437
Wright, D. G	95
Zinner, Paul	249

INDEX

A

Page

Appropriations, estimates, and revenues, 1951–55 6
Appropriations, 1954, and estimates, 1955 37

B

Bureau programs 18

C

Connally Hot Oil Act, enforcement of 50

F

Federal Coal Mine Safety Board of Review 242
Fine Arts, Commission on 197
Fish and Wildlife Service 201
  Construction 223
  General administrative expenses 203
  Pribilof Islands, administration of 240
  Receipts 206
  Resources:
    Investigation of 217
    Management of 209

G

Geological Survey 437
  Building, need for 468
  Funds available to, 1953–55 484
  Surveys, investigations, and research 440
    Analysis by activities 445
    Classification of land 472
    General administration 481
    Geologic and mineral resource surveys and mapping 452
      Amounts available for 462
      Mineral survey program 459
    Soil and moisture conservation 471
    Supervision of mining and oil and gas leases 475
    Topographic surveys and mapping 446
    Water resources investigations 462
      Amounts available for 470
      Chemical quality investigations 464
      Ground-water investigations 466
      Mine and oil field drainage problems 469
      Transferred funds 466

I

Indian Affairs, Bureau of 17, 488
  Accomplishment of Indians 582
  Construction 592
  General administrative expenses 599
  Health, education, and welfare services 495
    Alaska:
      Hospitals in 499
      School program 524
      Tuberculosis situation in 499, 527

Indian Affairs, Bureau of—Continued
Health, education, and welfare services—Continued Page
Educational assistance, facilities and services 512, 562
Adult vocational educational program 518
Foster homes 520
Pipestone School, Minnesota 519
School program statistics 563
Hospitals, disease preventive, and curative services 497
Disease preventive and curative services 559
Health problems 528
Hospital facilities 497, 539
Navaho Indians:
Educational program 512, 562
Health services 506
Hospitals 509
Personal services 567
Placement and relocation services 565
Welfare and guidance service 564
Navaho-Hopi rehabilitation program 603
Resources management 569
Irrigation systems, operation repair and maintenance of 588
Land activities 574
Soil conservation 502, 573, 578
Tribal funds 605
Information, Division of 27

L

Land Management, Bureau of 152
Construction 155, 170
Oregon and California lands road program 172, 180, 192
Federal ownership, land in 189
Management of land and resources 152
Cadastral surveys 173
Fire suppression 191
Land leasing program 181
Outer Continental Shelf 181
Public lands records 183
Soil and moisture conservation 187, 192
Travel allowances 181
Weed control program 166, 185, 187
Missouri River Basin program 189
Range improvements 157
Receipts 171
Regional offices 166

M

Management surveys 5
Mines, Bureau of 23, 249
Funds available to 282
General administrative expenses 363
Health and safety 345
Explosives and explosions testing and research 362
Inspection costs, payment by industry of 360
Mine inspections and investigations 350
Mine safety personnel 358
State cooperation 354
Mineral resources, conservation and development of 261
Fuels 263
Coal 263, 284
Petroleum and natural gas 285
Synthetic-liquid fuels 287, 308
Minerals and metals 310
Ferrous metals and alloys 310
Mineral research, unclassified 330
Nonferrous metals 316
Nonmetallic minerals 328
Alumina, production of 303
Bauxite, Ark 304, 333
Mineral research, unclassified 343

Mines, Bureau of—Continued — Page
Regional offices — 356
Survey report — 250

N

National Park Service — 23, 367
Appropriations, revenues, and visitors — 368
Appropriations, transferred funds, and contributions — 406
Concessionaire contract — 372
Construction — 408
Access roads and parkways — 25
Buildings, utilities, and other facilities — 418
Carlsbad Caverns, public use building at — 414
Everglades development — 417
Land acquisition — 421
Condemnation of land — 427
Natchez-Trace Parkway — 412
Suitland Parkway — 414
General administrative expenses — 422
Independence National Historical Park — 434
Management and protection — 377
Cape Hatteras project — 380
Dinosaur National Monument — 379
Entrance fees — 430
Law enforcement in National Capital Parks — 385, 435
Park rangers — 428
River basin studies — 389
Soil and moisture conservation — 387
State advisory service — 391
Study of areas — 382
Mount Rushmore Memorial — 425
Physical facilities, maintenance and rehabilitation of — 393
Program summary by areas and activities — 397
Road maintenance — 395, 431
Regional offices — 369
Roosevelt Island — 424

O

Oil and Gas Division — 57

P

Personnel:
Number of — 48
Reduction in — 3
Power:
Projects, financing of — 28
Rates, review of — 29

R

Receipts and trust funds, 1953–55 — 36
Reclamation, Bureau of (*see also* pt. 2, this hearing):
Budget for — 20
Isleta diversion dam — 11
Projects, financing of — 28
Road relocation — 32
Upstream development — 34
Regional offices — 33
Resource conservation, role of Department in — 7

S

Saline water, research in the utilization of — 73
Secretary, Office of the — 12, 50
Connally Hot Oil Act, enforcement of — 50
Oil and Gas Division — 57
Saline water, research in the utilization of — 73
Southeastern Power Administration — 127
Southwestern Power Administration — 95

Page

Southeastern Power Administration 127
Authorized projects 147
Clark Hill Greenwood transmission line, disposition of 135
Construction costs, allocation of 145, 148
Long-term contracts, provisions in 136
Operation and maintenance 127
Power rates, approval by FPC 139, 148
Revenue from TVA, basis of 147, 149
Term of contracts 150
Workload and personnel 142
Wheeling and purchase of power 134
Southwestern Power Administration 95
Administrator, statement of 107
Appropriations, 1954, allocation of 109
Background summary 119
Construction 111, 113
Cost allocations 126
General administrative expenses 118
Interim contracts with generating and transmitting cooperatives 100
Investment amortization 122
Operation and maintenance 95, 112
Personal services, 1945 and 1955, comparative statement of 110
Power purchases and wheeling charges 121, 125
Private utilities, cooperation with 106
Revenues and costs, statement of 123
Survey report 96
Wheeling rates 104
Surplus disposal program 13

T

Territories, Office of 607
Administration of Territories 609
American Samoa 616
Guam 615
Hawaii, Territory of 612
Health, education and welfare program 622
Survey report 611
Alaska, Territory of 665
Insane, care of the 670
Public works 16, 674
Railroad 700
Revenues and expenditures 673
Roads 689
Construction 689, 692, 697
Operation and maintenance 691, 696
Surplus property, disposal of 14
Taxes 684
Trust Territory of the Pacific Islands 709
High Commissioner's headquarters 720
Educational program 722
Funds, status of 725
General administration, cost of 729
Health program 721
Information program 730
Land claims, settlement of 719
Micronesians, employment of 718
Transportation problem 722
Virgin Islands 628
Governor, statement of 636
Federal Government obligations 635
Grants to municipalities 632
Per capita expenditure 633

Territories, Office of—Continued
Virgin Islands—Continued
Page
Public works 640
Costs, reason for high construction 649
Construction fund, status of 647
School construction 644
Revenues and expenditures 634, 639
Sanitation 635
Virgin Islands Corporation 651
Capital furnished by United States Government 664
Grants 659
Revolving funds 658
Soil and moisture program 660
Sugarcane, production of 661
Tourist trade 662

○